

HAYS-CALDWELL WOMEN'S CENTER

**FINANCIAL STATEMENTS WITH COMPLIANCE
AND SINGLE AUDIT REPORTING**

September 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hays-Caldwell Women's Center
San Marcos, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Hays-Caldwell Women's Center (a non-profit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities (with comparative totals for 2020), functional expenses (with comparative totals for 2020), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hays-Caldwell Women’s Center as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal and state awards on pages 13-14, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State of Texas Single Audit Circular*, issued by the Office of the Governor of the State, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2022 on pages 16-17 on our consideration of Hays-Caldwell Women’s Center’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hays-Caldwell Women’s Center internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hays-Caldwell Women’s Center’s internal control over financial reporting and compliance.

Randy Walker & Co.

San Antonio, Texas
February 23, 2022

FINANCIAL STATEMENTS

HAYS-CALDWELL WOMEN'S CENTER
STATEMENTS OF FINANCIAL POSITION
September 30, 2021 and 2020

	2021	2020
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 1,881,823	\$ 3,123,274
Accounts Receivable	99,000	-
Grants Receivable - current	1,036,747	1,469,679
Inventory	32,994	33,584
Prepaid Expenses	43,540	32,842
Total Current Assets	3,094,104	4,659,379
<u>LONG-TERM ASSETS</u>		
Grants Receivable - long-term	153,722	-
Property and Equipment, net	4,915,077	2,757,528
Total Long-Term Assets	5,068,799	2,757,528
TOTAL ASSETS	\$ 8,162,903	\$ 7,416,907
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 6,650	\$ 217,631
Accrued Expenses	99,782	83,358
Retainage Payable	153,917	40,948
PPP Loan Payable - current	-	60,044
Total Current Liabilities	260,349	401,981
<u>LONG-TERM LIABILITIES</u>		
PPP Loan Payable - long-term	-	94,356
Total Long-Term Liabilities	-	94,356
TOTAL LIABILITIES	260,349	496,337
<u>NET ASSETS</u>		
Without Donor Restrictions:		
Available for Operations	1,385,311	602,834
Net Investment in Property and Equipment	4,915,077	2,757,528
Total Without Donor Restrictions	6,300,388	3,360,362
With Donor Restrictions:		
Time/Purpose Restricted	1,602,166	3,560,208
Total With Donor Restrictions	1,602,166	3,560,208
TOTAL NET ASSETS	7,902,554	6,920,570
TOTAL LIABILITIES AND NET ASSETS	\$ 8,162,903	\$ 7,416,907

The accompanying notes are an integral part of these financial statements.

HAYS-CALDWELL WOMEN'S CENTER
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021
(with comparative totals for 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<u>OPERATING SUPPORT AND REVENUE</u>				
Grants	\$ 821,232	\$ 2,940,718	\$ 3,761,950	\$ 3,095,853
Contributions	351,904	-	351,904	202,691
Non-Cash Donations: Food, Clothing, Household	209,164	-	209,164	161,231
Fundraising Income (net of direct expenses of \$51,068 and \$23,103, respectively)	178,661	-	178,661	103,159
Other Income	56,494	-	56,494	44,825
Contributed Services	4,341	-	4,341	57,025
Non-Cash Donations: Leasehold Improvements	-	-	-	39,317
Net Assets Released from Restrictions	3,012,061	(3,012,061)	-	-
TOTAL OPERATING SUPPORT AND REVENUE	4,633,857	(71,343)	4,562,514	3,704,101
<u>OPERATING EXPENSES</u>				
Program	3,234,463	-	3,234,463	2,958,290
General and Administrative	692,066	-	692,066	573,275
Fundraising	228,300	-	228,300	251,043
TOTAL OPERATING EXPENSES	4,154,829	-	4,154,829	3,782,608
CHANGE IN NET ASSETS BEFORE NON- OPERATING ACTIVITIES	479,028	(71,343)	407,685	(78,507)
<u>NON-OPERATING ACTIVITIES</u>				
Capital Campaign Contributions	-	390,786	390,786	1,492,733
PPP Loan Forgiveness	154,400	-	154,400	-
Insurance Proceeds	20,377	-	20,377	-
Interest Income	-	8,736	8,736	30,633
Net Assets Released from Restrictions	2,286,221	(2,286,221)	-	-
TOTAL NON-OPERATING ACTIVITIES	2,460,998	(1,886,699)	574,299	1,523,366
CHANGE IN NET ASSETS AFTER NON- OPERATING ACTIVITIES	2,940,026	(1,958,042)	981,984	1,444,859
NET ASSETS, Beginning of Year	3,360,362	3,560,208	6,920,570	5,475,711
NET ASSETS, End of Year	\$ 6,300,388	\$ 1,602,166	\$ 7,902,554	\$ 6,920,570

The accompanying notes are an integral part of these financial statements.

HAYS-CALDWELL WOMEN'S CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2021
(with comparative totals for 2020)

	2021			2020 Total	
	Program	General and Administrative	Fundraising		Total
<u>OPERATING EXPENSES</u>					
Salaries and Wages	\$ 1,880,157	\$ 495,566	\$ 163,642	\$ 2,539,365	\$ 2,511,840
Employee Benefits	234,204	24,251	24,151	282,606	239,667
Payroll Taxes	149,424	39,059	12,959	201,442	195,753
Total Payroll Expenses	<u>2,263,785</u>	<u>558,876</u>	<u>200,752</u>	<u>3,023,413</u>	<u>2,947,260</u>
Direct Client Needs	241,952	-	-	241,952	53,521
In-Kind Disbursements: Food, Clothing, Household	209,754	-	-	209,754	180,271
Contract Labor	153,837	6,720	2,240	162,797	55,768
Depreciation	88,194	43,374	13,012	144,580	128,559
Insurance	35,397	12,310	3,824	51,531	46,545
Supplies	44,126	2,280	731	47,137	46,449
Utilities	40,475	2,502	777	43,754	43,184
Technology	20,130	19,572	242	39,944	9,056
Maintenance and Repair	28,490	7,152	2,617	38,259	25,543
Professional Services	5,463	16,390	-	21,853	71,360
Staff Development	17,964	2,926	371	21,261	23,896
Membership Dues	13,688	460	24	14,172	12,704
Rent	12,000	-	-	12,000	12,000
Special Projects	11,567	-	-	11,567	-
Printing and Reproduction	8,509	1,626	505	10,640	11,538
Miscellaneous	10,001	393	122	10,516	7,240
Food	9,855	48	209	10,112	12,276
Telephone and Internet	5,506	2,722	847	9,075	6,978
Bank Charges	-	8,522	-	8,522	4,160
Travel	5,414	1,616	1,051	8,081	21,380
Equipment	3,833	2,039	479	6,351	33,472
Postage	-	2,538	-	2,538	2,768
Advertising	1,896	-	-	1,896	3,772
Automobile Expense	1,534	-	-	1,534	1,332
Town and Task Force Expenses	713	-	-	713	2,652
Fundraising Expenses	-	-	497	497	16,615
Training	212	-	-	212	781
Meetings and Receptions	168	-	-	168	1,528
TOTAL OPERATING EXPENSES	<u>\$ 3,234,463</u>	<u>\$ 692,066</u>	<u>\$ 228,300</u>	<u>\$ 4,154,829</u>	<u>\$ 3,782,608</u>

The accompanying notes are an integral part of these financial statements.

HAYS-CALDWELL WOMEN'S CENTER
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2021 and 2020

	2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 981,984	\$ 1,444,859
Adjustments to Reconcile Net Change to Net Cash		
Provided by Operations:		
Depreciation	144,580	128,559
PPP Loan Forgiveness	(154,400)	-
Non-Cash Inventory Donations (Net of Non-Cash Inventory Disbursements)	590	19,040
Donated Leasehold Improvements	-	(39,317)
(Increase) Decrease in Assets:		
Accounts Receivable	(99,000)	-
Grants Receivable	279,210	(517,725)
Prepaid Expenses	(10,698)	(1,882)
(Decrease) Increase in Liabilities:		
Accounts Payable	(210,981)	216,005
Accrued Expenses	16,424	(761)
Retainage Payable	112,969	40,948
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,060,678	1,289,726
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchases of Property and Equipment	(2,302,129)	(915,350)
NET CASH USED BY INVESTING ACTIVITIES	(2,302,129)	(915,350)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Borrowings on PPP Loan	-	154,400
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	154,400
NET (DECREASE) INCREASE IN CASH FLOWS	(1,241,451)	528,776
CASH AND CASH EQUIVALENTS, Beginning of Year	3,123,274	2,594,498
CASH AND CASH EQUIVALENTS, End of Year	\$ 1,881,823	\$ 3,123,274

The accompanying notes are an integral part of these financial statements.

HAYS-CALDWELL WOMEN'S CENTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The accompanying statements of Hays-Caldwell Women's Center have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization and Nature of Activities

Hays-Caldwell Women's Center (the Center), a Texas 501(c)(3) non-profit organization, provides counseling and temporary housing for victims of family violence, as well as counseling and assistance to sexual assault victims. A Children's Advocacy Center added in 1997 enhanced its investigatory and rehabilitative services to abused children. The Center is supported primarily through government and private grants and contributions.

Basis of Presentation

The Center is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board-designated.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions that are more restrictive than the Center's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Center is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, as such, qualifies for the maximum charitable contributions deduction by donors. As of September 30, 2021, the tax years that remain subject to examination by taxing authorities begin with 2018.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Center considers money market funds with an original maturity of three months or less to be cash equivalents.

Grants Receivable

The Center considers its grants receivable to be fully collectible as they are primarily receivables from granting agencies; accordingly, no allowance for doubtful accounts is required.

HAYS-CALDWELL WOMEN'S CENTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable is comprised of contributions due from donors for transitional housing. The Center considers all receivables to be fully collectible; therefore, no allowance for doubtful accounts has been recorded.

Inventory

Inventory consists primarily of donated food, clothing and household items. Therefore, it is stated at fair value at date of donation. The value of inventory at September 30, 2021 and 2020 was \$32,994 and \$33,584, respectively.

Property and Equipment

Property and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. The Center capitalizes items with a cost of over \$1,000. Depreciation on the assets owned by the Center has been computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	39 years
Leasehold Improvements	15-20 years
Vehicles	7 years
Furniture and Equipment	5 -7 years

Contributed Goods and Services

The value of contributed items meeting the requirements for recognition in the financial statements was recorded at fair market value. A substantial number of unpaid volunteers have made significant contributions of their time to the Center. The Center had 114 and 417 volunteers, totaling 7,538 and 6,737 hours, for the years ended September 30, 2021 and 2020, respectively. The value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Contributions

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the services and other activities of the Center have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses, which are allocated on the basis of estimates of time and effort, as well as contract labor, depreciation, insurance, and various other expenses, which are allocated on the basis of estimated administrative use of the building's square footage or some other reasonable basis.

HAYS-CALDWELL WOMEN'S CENTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Revenue and Support

The Center receives substantial revenue from federal, state, city and county agencies. Noncompliance by the Center with the terms of the grants/contracts would require funding to be returned.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended September 30, 2021 and 2020 was \$1,896 and \$3,772, respectively.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2021. A lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with lease terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Recently Adopted Accounting Pronouncements

In 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for periods beginning after December 15, 2018. This pronouncement clarifies and improves the scope and the accounting guidance for contributions received and contributions made in order to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Center adopted this pronouncement effective October 1, 2019.

In 2018, the FASB issued ASU 2018-13, *Changes to the Disclosure Requirements for Fair Value Measurement*, effective for periods beginning after December 15, 2019. This pronouncement improves the effectiveness of fair value measurement disclosures in the notes to the financial statements. The Center adopted this new pronouncement effective October 1, 2020. The change was applied retrospectively, but there was no cumulative effect on beginning net assets as of this date.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This new pronouncement provides guidance regarding revenue recognition effective for reporting periods beginning after December 15, 2019. The pronouncement affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets. The core principle of this update is that the entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. The Center adopted this new pronouncement effective October 1, 2020. The change was applied retrospectively, but there was no cumulative effect on beginning net assets as of this date.

Revenue - Exchange Transactions

Fundraising events revenue from exchange transactions is deferred from recognition until the event has occurred. Revenue is recorded at the close of the event when the performance obligation has been completed. Revenue is accrued for fundraising events that have been planned but have not occurred as of year-end. Any amount received in excess of the benefit provided to the attendees is recorded as a contribution. Consideration is variable depending upon the nature of the event. There were no receivables, contract assets, or contract liabilities related to these exchange transactions at September 30, 2021 and 2020.

HAYS-CALDWELL WOMEN'S CENTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Center maintains cash accounts at two local financial institutions. Cash account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The Center has an agreement with one of its banking institutions where the bank provides pledged collateral in the Center's name in the event deposits exceed FDIC limits at that bank. Uninsured cash balances totaled \$406,331 and \$251,678, not including reconciling items, at September 30, 2021 and 2020, respectively.

NOTE 3 - CONTRIBUTED GOODS

The Center received \$209,164 and \$161,231 in clothing, toiletries and household items from various donors during the years ended September 30, 2021 and 2020, respectively. The donated items are included in non-cash donations in the statement of activities. The Center disbursed \$209,754 and \$180,271 in donated items during the years ended September 30, 2021 and 2020, respectively. These in-kind disbursements are reflected in the statement of functional expenses.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment, less accumulated depreciation, were as follows at September 30:

	2021	2020
Buildings	\$ 3,528,659	\$ 3,528,659
Construction in Progress	3,137,882	851,661
Furniture and Equipment	379,042	363,134
Leasehold Improvements	271,141	271,141
Vehicles	64,310	64,310
	7,381,034	5,078,905
Less Accumulated Depreciation	(2,465,957)	(2,321,377)
Property and Equipment, net	\$ 4,915,077	\$ 2,757,528

Depreciation expense for the years ended September 30, 2021 and 2020 was \$144,580 and \$128,559, respectively. Furthermore, a retainage payable of \$153,917 and \$40,948 related to construction of the transitional housing complex was recorded at September 30, 2021 and 2020, respectively.

NOTE 5 - LEASES

The Center leases facilities and office equipment. Total monthly costs under these agreements were \$1,436 and \$1,179 for the years ended September 30, 2021 and 2020, respectively. The Lockhart facility lease commenced on September 1, 2016 and is month-to-month. The office equipment lease commenced on July 31, 2015 and expired during 2020, after which the Center continued to lease the equipment on a month-to-month basis. The Center entered into a new office equipment lease in January 2021. The lease calls for monthly payments of \$436 for 60 months and expires in January 2026. Lease expense for the years ended September 30, 2021 and 2020 was \$17,693 and \$18,089, respectively.

The Center leases from the City of San Marcos several acres of land on which the Center is located. The lease commenced in March 1983 and was renewed for another thirty years in February 2014. The base amount is \$1 per year, and future remaining lease payments total \$23.

NOTE 6 - CONCENTRATIONS OF REVENUE

Revenue from the Office of the Governor Criminal Justice Department grants totaled \$1,739,806 and \$1,537,383 for the years ended September 30, 2021 and 2020, which represents 34% and 29%, respectively, of total revenue.

HAYS-CALDWELL WOMEN'S CENTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Time/Purpose restricted net assets were as follows at September 30:

	<u>2021</u>	<u>2020</u>
Building Hope Campaign	\$ 1,578,434	\$ 3,465,133
Emergency Food and Shelter Program	23,732	17,387
Victims of Crime/Family Violence Programs	-	57,131
Next Year's Operations	-	19,099
Roxanne's House	-	1,458
Total	<u>\$ 1,602,166</u>	<u>\$ 3,560,208</u>

NOTE 8 - BUILDING HOPE CAMPAIGN

Net asset activity for the Building Hope Campaign to provide for transitional housing was as follows for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Building Hope Campaign - Beginning of Year	\$ 3,465,133	\$ 2,830,003
Restricted Revenue Received	399,522	1,490,172
Restricted Revenue Released (Expenses)	<u>(2,286,221)</u>	<u>(855,042)</u>
Building Hope Campaign - End of Year	<u>\$ 1,578,434</u>	<u>\$ 3,465,133</u>

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Center adopted the provisions of ASC 820, *Fair Value Measurements and Disclosures* (formerly SFAS 157). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The adoption of ASC 820 did not affect the Center's financial position or results of operations.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.
- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

The Center's current assets and liabilities as presented in the statements of financial position are Level 1. The Center has no Level 2 or Level 3 assets or liabilities. The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

NOTE 10 - PRIOR PERIOD RECLASSIFICATION

The following reclassification between revenue accounts was made to the financial statements for the year ended September 30, 2020: \$103,159 from contributions to fundraising income in the statement of activities. The reclassification had no effect on the previously reported change in net assets.

HAYS-CALDWELL WOMEN'S CENTER
NOTES TO FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Center's financial assets as of the financial position date, reduced by amounts not available for general use because of donor-stipulated restrictions.

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,881,823	\$ 3,123,274
Accounts Receivable	99,000	-
Grants Receivable	<u>1,190,469</u>	<u>1,469,679</u>
Total Financial Assets	<u>3,171,292</u>	<u>4,592,953</u>
Donor Restrictions	<u>(1,602,166)</u>	<u>(3,560,208)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 1,569,126</u>	<u>\$ 1,032,745</u>

The Center's primary sources of cash flows during the year are related to grants, fundraising, and contributions. These revenue sources provide a consistent inflow of cash throughout the year to cover normal operating expenses.

NOTE 12 - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

During the year ended September 30, 2020, the Center received a Paycheck Protection Program (PPP) loan of \$154,400 from the Small Business Administration as part of the CARES Act passed during the year to assist small businesses and non-profits affected by measures instituted in response to the COVID-19 pandemic. The amount was expended according to the time and purpose restrictions defined by the PPP. The Center applied and was approved for forgiveness of the PPP loan in March 2021. Therefore, the loan forgiveness was recognized as revenue in the statement of activities for the year ended September 30, 2021.

NOTE 13 - FUNDRAISING INCOME

The Center holds fundraising events each year. As discussed in Note 1, fundraising events are considered exchange transactions. For the years ended September 30, 2021 and 2020, the exchange portion of fundraising income was \$69,934 and \$39,537, respectively. The amount in excess of this exchange portion is considered contribution income.

NOTE 14 - RETIREMENT PLAN

The Organization offers a retirement plan, which is available to all full-time employees after one full year of employment. Employee contributions are matched by the Organization up to 3% of the employee's annual compensation. Employer contributions to the plan were \$45,475 and \$42,673 for the years ended September 30, 2021 and 2020, respectively.

NOTE 15 - SUBSEQUENT EVENTS

As a result of the ongoing COVID-19 pandemic, the Center continues to evaluate current economic conditions, and any potential financial impact cannot be reasonably estimated at this time.

The Center has evaluated subsequent events through February 23, 2022, which is the date the financial statements were available to be issued.

FINANCIAL AWARDS SECTION

HAYS-CALDWELL WOMEN'S CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2021

FEDERAL AWARDS

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures
U.S. Department of Justice			
Passed Through Office of the Governor and Children's Advocacy Centers of Texas:			
Crime Victim Assistance	16.575	4176401	\$ 201,202
Crime Victim Assistance	16.575	2761705	<u>182,105</u>
			383,307
Passed Through Office of the Governor:			
Crime Victim Assistance	16.575	1366419	1,356,498
Passed Through Texas Association Against Sexual Assault:			
Sexual Assault Services Formula Program	16.017	17519571560001	<u>60,000</u>
Total U.S. Department of Justice			<u>1,799,805</u>
U.S. Department of Health and Human Services			
Passed Through Texas Health and Human Services Commission:			
Social Services Block Grant	93.667	HHS000380000066	<u>13,301</u>
Temporary Assistance for Needy Families	93.558	HHS000380000066	<u>126,505</u>
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	HHS000380000066	65,049
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services (COVID-19)	93.671	HHS000380000066	<u>25,466</u>
			90,515
Passed Through Office of the Attorney General:			
Preventive Health and Health Services Block Grant	93.991	2005122	36,625
Preventive Health and Health Services Block Grant	93.991	2112795	<u>65,441</u>
			102,066
Total U.S. Department of Health and Human Services			<u>332,387</u>
U.S. Department of Homeland Security			
Passed Through Saint Stephen First United Methodist Church:			
Emergency Food and Shelter National Board Program	97.024	812200	<u>30,660</u>
Total U.S. Department of Homeland Security			<u>30,660</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>2,162,852</u>

See accompanying notes to schedule of expenditures of federal and state awards.

HAYS-CALDWELL WOMEN'S CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2021
(continued)

STATE AWARDS

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Disbursements/ Expenditures</u>
Texas Health and Human Services Commission			
Family Violence Prevention and Services Act (FVPSA)	93.671/93.667/93.558	HHS000380000066	124,863
Family Violence Prevention and Services Act (FVPSA)	N/A	HHS000683700019	219,309
			<u>344,172</u>
Passed Through Children's Advocacy Centers of Texas:			
Child Abuse Program	N/A	HHSC-FY21-26	225,501
Child Abuse Program	N/A	HHSC-FY22-26	15,858
			<u>241,359</u>
Office of the Attorney General			
Sexual Assault Prevention and Crisis Services	N/A	2109361	134,058
Sexual Assault Prevention and Crisis Services	N/A	2217859	13,568
			<u>147,626</u>
Other Victim Assistance Grant	N/A	2108736	38,356
Other Victim Assistance Grant	N/A	2216489	4,014
			<u>42,370</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>775,527</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ 2,938,379</u>

See accompanying notes to schedule of expenditures of federal and state awards.

HAYS-CALDWELL WOMEN'S CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
September 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of Hays-Caldwell Women's Center (the Center) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State of Texas Single Audit Circular* issued by the Office of the Governor of the State. Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Center.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

Expenditures reflected on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - NON-CASH EXPENDITURES

There were no federal awards expended in the form of non-cash expenditures for the year ended September 30, 2021.

NOTE 4 - OTHER DISCLOSURES

Insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds is covered by the Center's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

The Center has elected to use the 10 percent *de minimis* indirect cost rate.

The Center did not disburse any federal or state awards to subrecipients for the year ended September 30, 2021.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Hays-Caldwell Women’s Center
San Marcos, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hays-Caldwell Women’s Center (a non-profit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hays-Caldwell Women’s Center’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hays-Caldwell Women’s Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of Hays-Caldwell Women’s Center’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hays-Caldwell Women’s Center’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hays-Caldwell Women's Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hays-Caldwell Women's Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Randy Walker & Co.

San Antonio, Texas
February 23, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE
OF TEXAS SINGLE AUDIT CIRCULAR**

To the Board of Directors
Hays-Caldwell Women's Center
San Marcos, Texas

Report on Compliance for Each Major Federal and State Program

We have audited Hays-Caldwell Women's Center's (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of Hays-Caldwell Women's Center's major federal and state programs for the year ended September 30, 2021. Hays-Caldwell Women's Center's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hays-Caldwell Women's Center's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Single Audit Circular*. Those standards, the Uniform Guidance, and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Hays-Caldwell Women's Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Hays-Caldwell Women's Center's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Hays-Caldwell Women's Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of Hays-Caldwell Women's Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hays-Caldwell Women's Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hays-Caldwell Women's Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Randy Walker & Co.

San Antonio, Texas
February 23, 2022

HAYS-CALDWELL WOMEN'S CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified	None
Significant deficiencies identified that are not considered to be material weakness(es)	None
Noncompliance material to the financial statements	None

Federal and State Awards

Internal control over major programs:	
Material weakness(es) identified	None
Significant deficiencies identified that are not considered to be material weakness(es)	None
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and the <i>State of Texas Single Audit Circular</i>	None

Major Programs

Federal

16.575 Crime Victim Assistance

State

Child Abuse Program HHSC-FY21-26
Child Abuse Program HHSC-FY22-26

Dollar threshold used to distinguish between type A and type B programs	\$750,000
Audit qualified as low-risk auditee	Yes

Findings - Financial Statements Audit None

Findings and Questioned Costs - Major Federal and State Award Programs Audit None

HAYS-CALDWELL WOMEN'S CENTER
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

I. PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

None

II. PRIOR YEAR FINDINGS – MAJOR FEDERAL AND STATE AWARD PROGRAMS AUDIT

None