

SJRC Texas

Financial Statements and Compliance Report

June 30, 2022 and 2021



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Independent Auditor's Report

To the Board of Directors of
SJRC Texas

Opinion

We have audited the accompanying financial statements of SJRC Texas (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SJRC Texas as of June 30, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SJRC Texas and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about SJRC Texas' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Independent Auditor's Report (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of SJRC Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SJRC Texas' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of SJRC Texas as of and for the year ended June 30, 2022 and have issued our report thereon dated November 10, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 21, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards 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 November 10, 2023, on our consideration of SJRC Texas' 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 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 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 SJRC Texas' internal control over financial reporting and compliance.

Independent Auditor's Report (Continued)

Report on Summarized Comparative Information

We have previously audited the SJRC Texas' 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in dark ink, appearing to read "Schriver Carmona". The signature is fluid and cursive, with the first name "Schriver" and last name "Carmona" clearly distinguishable.

Schrive, Carmona & Company, PLLC

San Antonio, Texas

November 10, 2023

Financial Statements

SJRC TexasStatements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 4,275,055	\$ 2,913,868
Accounts Receivable	3,194,578	672,999
Prepaid Expenses	29,570	9,765
Other Current Assets	4,649	4,649
Total Current Assets	7,503,852	3,601,281
Property and Equipment, Net of Accumulated Depreciation	2,475,192	2,137,912
Other Assets	2,230	2,230
Total Assets	\$ 9,981,274	\$ 5,741,423
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 2,337,607	\$ 153,713
Accrued Liabilities	413,715	271,425
Deferred Revenue	2,109,711	1,647,000
Total Current Liabilities	4,861,033	2,072,138
Total Liabilities	4,861,033	2,072,138
Net Assets:		
Without Donor Restrictions	4,139,032	3,541,438
Without Donors Restrictions, Board Designated - Storm Repairs	-	107,367
With Donor Restrictions	981,209	20,480
Total Net Assets	5,120,241	3,669,285
Total Liabilities and Net Assets	\$ 9,981,274	\$ 5,741,423

The Accompanying Notes are an Integral Part of These Financial Statements

SJRC Texas

Statement of Activities

Year Ended June 30, 2022 (with comparative totals for the year ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Totals	Totals
Support and Revenues				
Support:				
Government Contracts and Grants	\$ 19,909,191	\$ 981,209	\$ 20,890,400	\$ 4,344,845
Foundation Grants	3,302,459	-	3,302,459	906,063
Corporate Contributions	153,871	-	153,871	212,085
Individual Contributions	560,554	-	560,554	323,723
Gain on Extinguishment of Debt - Forgiven				
Paycheck Protection Program Loan	-	-	-	694,900
Special Events, net of expenses of \$118,237 and \$80,134 in 2022 and 2021, respectively	114,973	-	114,973	71,242
Cont	-	-	-	18,891
Revenues:				
Program Income	150	-	150	-
Interest Income	748	-	748	463
Insurance Proceeds	180,812	-	180,812	107,367
Other Income	6,295	-	6,295	10,735
Net Assets Released from Restrictions	20,480	(20,480)	-	-
Total Support and Revenues	24,249,533	960,729	25,210,262	6,690,314
Expenses				
Program Services	21,617,211	-	21,617,211	5,348,027
Support Services:				
Management and General	1,699,991	-	1,699,991	585,235
Fundraising	442,104	-	442,104	388,239
Total Expenses	23,759,306	-	23,759,306	6,321,501
Change in Net Assets	490,227	960,729	1,450,956	368,813
Net Assets at Beginning of Year	3,648,805	20,480	3,669,285	3,300,472
Net Assets at End of Year	\$ 4,139,032	\$ 981,209	\$ 5,120,241	\$ 3,669,285

The Accompanying Notes are an Integral Part of These Financial Statements

SJRC Texas

Statement of Functional Expenses

Year Ended June 30, 2022 (with comparative totals for the year ended June 30, 2021)

	Program Services	Support Services Management and General	Fundraising	2022 Totals	2021 Totals
Salaries, Wages, and Benefits	\$ 5,809,890	\$ 1,384,291	\$ 343,243	\$ 7,537,424	\$ 4,006,017
Payroll Taxes	413,250	92,747	24,748	530,745	287,299
Total Employee Compensation	6,223,140	1,477,038	367,991	8,068,169	4,293,316
Advertising, Marketing, and Public Relations	97,452	10,661	22,802	130,915	77,658
Bank Fees	564	11,300	66	11,930	2,327
BELONG Program Expense	811,805	5	70	811,880	-
Computer Hardware and Software	318,573	32,760	8,502	359,835	60,763
Conference and Meetings	33,911	4,335	6,204	44,450	24,275
Copier Lease	12,352	-	-	12,352	11,907
Dues and Subscriptions	16,345	9,053	4,917	30,315	22,753
Employee Costs	26,936	2,650	452	30,038	54,570
Foster Family Payments	587,960	-	-	587,960	546,212
Housing Costs	47,156	-	-	47,156	67,986
Investment Losses	-	-	-	-	240
Information Technology	60,037	13,739	5,570	79,346	66,771
Insurance	101,490	37,908	-	139,398	81,037
Legal Fees	-	24,892	-	24,892	8,058
Merchant Service Fee	-	-	-	-	4,310
Office Expenses	123,638	14,337	15,879	153,854	144,091
Other Expenses	-	-	8	8	1,616
Pass Through to Network Providers	12,269,743	-	-	12,269,743	-
Postage and Shipping	1,041	543	2,151	3,735	6,463
Professional Services	166,242	32,200	250	198,692	115,106
Rent	85,228	-	-	85,228	78,440
Resident Expenses	80,201	-	-	80,201	218,631
Repair and Maintenance	41,333	3,197	-	44,530	59,549
Security System	15,196	-	-	15,196	14,729
Telephone and Internet	84,155	5,952	4,813	94,920	58,700
Travel	163,929	19,421	2,429	185,779	37,001
Utilities	62,858	-	-	62,858	75,588
Total Expenses before Depreciation	21,431,285	1,699,991	442,104	23,573,380	6,132,097
Depreciation	185,926	-	-	185,926	189,404
Total Expenses	\$ 21,617,211	\$ 1,699,991	\$ 442,104	\$ 23,759,306	\$ 6,321,501

The Accompanying Notes are an Integral Part of These Financial Statements

SJRC TexasStatements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 1,450,956	\$ 368,813
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	185,926	189,404
Loss on Sale of Vehicle	-	1,953
Gain on Extinguishment of Debt - Forgiven Paycheck Protection Program Loan	-	(694,900)
(Increase) Decrease in:		
Accounts Receivable	(2,521,579)	(5,070)
Prepaid Expenses	(19,805)	9,729
Other Current Assets	-	206
Increase in:		
Accounts Payable	2,183,894	1,536
Accrued Liabilities	142,290	70,544
Deferred Revenue	462,711	1,047,000
Net Cash Provided by Operating Activities	<u>1,884,393</u>	<u>989,215</u>
Cash Flows From Investing Activities:		
Purchase of Property and Equipment	(437,045)	(148,455)
Construction In Progress	(86,161)	-
Proceeds from Sale of Vehicle	-	850
Net Cash Used by Investing Activities	<u>(523,206)</u>	<u>(147,605)</u>
Net Increase in Cash and Cash Equivalents	1,361,187	841,610
Cash and Cash Equivalents, Beginning of Year	<u>2,913,868</u>	<u>2,072,258</u>
Cash and Cash Equivalents, End of Year	\$ <u>4,275,055</u>	\$ <u>2,913,868</u>

The Accompanying Notes are an Integral Part of These Financial Statements

SJRC Texas

Notes to Financial Statements June 30, 2022 and 2021

Note A: Nature of Organization

SJRC Texas is a nonprofit organization incorporated under the laws of the State of Texas. SJRC Texas includes two nonsectarian facilities licensed by the Texas Department of Family and Protective Services to care for abused, abandoned and homeless children. One facility located in New Braunfels, Texas, serves as a shelter for emergency care of children from infancy to age 17 while the Texas Department of Family and Protective Services determine their residency destination. The shelter also provides a program for pregnant and parenting children ages 10 to 17. For the emergency shelter, the short-term length of stay is approximately 90 days unless an extension is granted, and the long-term length of stay is approximately two years. The shelter is licensed to care for a maximum of 24 children. The second facility located in Bulverde, Texas is licensed by the Texas Department of Family and Protective Services to care for children ages 6 to 17. The facility has five homes where these children receive residential therapeutic foster care services in a home-like environment. The third facility in San Antonio, Texas is responsible for providing counseling and assistance as well as a Child Placing Agency for foster or adoptive parents.

SJRC Texas's program services are supported primarily through state and local government contracts, as well as donations from individuals, corporations, foundations, and its affiliates.

In 2021, SJRC Texas was awarded a contract by the Texas Department of Family and Protective Services (DFPS) as a private foster care contractor for the expansion of Community-Based Care (CBC) into 27 counties surrounding Bexar County, which was already part of CBC. Counties included under the contract are: Atascosa, Bandera, Calhoun, Comal, DeWitt, Dimmitt, Edwards, Frio, Gillespie, Goliad, Gonzales, Guadalupe, Jackson, Karnes, Kendall, Kerr, Kinney, La Salle, Lavaca, Maverick, Medina, Real, Uvalde, Val Verde, Victoria, Wilson and Zavala. The initial term of this contract is April 1, 2021, through March 31, 2026. DFPS retains the option to renew the contract for one additional term of two years. In accordance with the contract, SJRC Texas received startup funds, which was recorded as deferred revenue (see **Deferred Revenue** note) as of June 30, 2021. The program commenced operations in November 2021.

In connection with this contract, SJRC Texas created Belong, a division of SJRC Texas, to serve as the lead provider for Community-Based Care in the 27 Texas counties Belong serves. Belong's vision is for abused and neglected children to be empowered to grow up to be happy, productive and caring adults.

Note B: Summary of Accounting Principles

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Net assets, support and revenue, and expenses are classified according to two classes of net assets:

- *Without Donor Restrictions* – net assets available for use in general operations and not subject to donor restrictions. Grant and contributions gifted for recurring programs of SJRC Texas generally are not considered “restricted” under GAAP, though for internal reporting SJRC Texas tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board of Directors are reported as Net Assets Without Donor Restrictions, Board Designated.
- *With Donor Restrictions* – net assets subject to donor-imposed stipulations that are more restrictive than SJRC Texas' mission and purpose. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

Note B: Summary of Accounting Principles (Continued)

Methods Used for Allocation of Expenses Amount Program and Supporting Services

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: occupancy which is allocated based on FTEs that use the space. Depreciation and amortization are allocated based on which class uses the asset. Certain administrative salaries and wages, benefits, and payroll taxes are allocated by amount of time and effort. Professional IT per unit services are charged on number of computers each class has, and the lump sum charges are then allocated based on a percentage of number of computers as a percent of the total. Insurance is allocated to the class that is covers when distinguishable and the rest is allocated with other based on bed days of each class as a percentage of total bed days for SJRC Texas.

Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB ASC, 820-10, defines fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement:

- *Level 1* - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets that SJRC Texas has the ability to access.
- *Level 2* - Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
- *Level 3* - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions as there is little, if any, related market activity.

Fair Value of Financial Instruments

SJRC Texas's financial instruments include cash and cash equivalents, receivables and payables. The carrying amount of these financial instruments as reflected in the Statement of Financial Position approximates fair value.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, SJRC Texas considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

SJRC Texas

Notes to Financial Statements
June 30, 2022 and 2021

Note B: Summary of Accounting Principles (Continued)

Accounts Receivable

Accounts receivable consists of amounts due from state and county agencies for services provided in the care for children. Receivables are stated at the amount management expects to collect from outstanding balances. It is SJRC Texas's policy to charge off uncollectible accounts receivable for program fees when management determines the receivable will not be collected. The program fees are delinquent when not received within the contractual terms. SJRC Texas estimates an allowance for doubtful accounts based on periodic assessment. If the accounts become uncollectible, the balance will be charged to expense when the determination is made. Receivables at June 30, 2022 and 2021 are considered to be fully collectible; accordingly, no allowance has been established. All amounts recorded are expected to be received within one year.

Deferred Revenue

SJRC Texas received funds for startup of the BELONG program that are conditional on Stage II of the program beginning. These amounts are recorded as deferred revenue on the Statement of Activities and will be recorded as revenue once those conditions are met. Refer to **Note D** for additional details.

Property and Equipment

SJRC Texas capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are stated at cost or at their estimated market value at the date of receipt from donors. Donated property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Repairs and maintenance costs are expensed as incurred. Land is not depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Furniture and Equipment, and Vehicles	3 to 15 years
Leasehold Improvements	10 to 15 years
Buildings	25 to 39 years

Contributions and Grants

SJRC Texas recognizes contributions and grants received as revenue in the year received or unconditionally promised. Contributions and grants received are recorded as support Without Donor Restrictions or With Donor Restrictions depending on the existence or nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in Net Assets Without Donor Restrictions. All other donor restricted support is reported as an increase in Net Assets With Donor Restrictions. Net Assets With Donor Restrictions are reclassified to Net Assets Without Donor Restrictions upon expiration of the time or purpose restriction and are reported in the Statement of Activities as Net Assets Released from Restrictions. Restricted contributions whose restrictions are met in the same reporting period are reported as Without Donor Restrictions.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled **\$0** and \$2,735 for the years ended June 30, 2022 and 2021, respectively.

SJRC Texas

Notes to Financial Statements
June 30, 2022 and 2021

Note B: Summary of Accounting Principles (Continued)

Federal Income Taxes

SJRC Texas is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying statements. In addition, SJRC Texas has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) for the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2022 and 2021. SJRC Texas is not subject to the Texas margin tax. Management is not aware of any tax position that would have a significant impact on its financial position.

Recent Accounting Pronouncements

Adopted During 2022

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for fiscal years beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Refer to **Note J** for additional details.

Future Adoption

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Under this new pronouncement, generally, leases with terms of more than 12 months will be recognized in the Statements of Financial Position as an asset (right to use leased asset) and a liability (lease liability). Management of SJRC Texas expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Note C: Liquidity and Availability of Financial Assets

The following represents SJRC Texas' financial assets at June 30 available to meet general expenditures over the next twelve months:

	<u>2022</u>	<u>2021</u>
Financial assets at year end :		
Cash and Cash Equivalents	\$ 4,275,055	\$ 2,913,868
Accounts Receivable	<u>3,194,578</u>	<u>672,999</u>
 Total Financial Assets	 <u>\$ 7,469,633</u>	 <u>\$ 3,586,867</u>

SJRC Texas

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note C: Liquidity and Availability of Financial Assets (Continued)

	<u>2022</u>	<u>2021</u>
Less those unavailable for general expenditures over the next twelve months due to:		
Net Assets with Donor Restrictions	\$ 981,209	\$ 20,480
Deferred Revenue	2,109,711	1,647,000
Less net assets with timing restrictions to be met over the next twelve months	<u>-</u>	<u>-</u>
	<u>3,090,920</u>	<u>1,667,480</u>
Financial assets available to meet general expenditures over the next week twelve months	\$ <u>4,378,713</u>	\$ <u>1,919,387</u>

SJRC Texas regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. SJRC Texas has various resources of liquidity at its disposal, including cash and receivables. In addition to the financial assets available to meet general expenditures within one year, SJRC Texas operates a balanced budget and anticipates earned revenues and annual support contributions are sufficient to cover general expenditures not provided by other donor restricted sources.

Note D: Deferred Revenue

Deferred Revenue consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
BELONG Startup Funds	\$ 1,459,711	\$ 997,000
Capital Campaign - School Funds	<u>650,000</u>	<u>650,000</u>
Total Deferred Revenue	\$ <u>2,109,711</u>	\$ <u>1,647,000</u>

Note E: Property and Equipment

Property and Equipment, Net of Accumulated Depreciation consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 122,500	\$ 122,500
Construction In Progress	86,161	-
Buildings	3,330,620	2,893,575
Leasehold Improvements	276,848	276,848
Furniture and Equipment	345,342	345,342
Vehicles	334,052	334,052
Total Property and Equipment	4,495,523	3,972,317
Less: Accumulated Depreciation	<u>(2,020,331)</u>	<u>(1,834,405)</u>
Property and Equipment, Net of Accumulated Depreciation	\$ <u>2,475,192</u>	\$ <u>2,137,912</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$185,926 and \$189,404, respectively.

SJRC Texas

Notes to Financial Statements June 30, 2022 and 2021

Note F: Long-Term Debt

Line of Credit

SJRC Texas has a revolving line of credit with a financial institution. The line of credit has a limit of \$3,000,000, increased from \$500,000, with interest only payments until maturity (September of 2022) and accrues interest at a rate of prime plus 175 basis points, which was **6.50%** and 4.50% at June 30, 2022 and 2021, respectively. As of June 30, 2022, and 2021, there were no amounts outstanding on the line of credit.

Paycheck Protection Program Loan

On April 30, 2020, SJRC Texas received loan proceeds in the amount of \$694,900 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the businesses' average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. SJRC Texas used the PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness within 10 months of the end of the covered period.

On May 24, 2021, SJRC Texas was granted 100% forgiveness on the \$694,900 PPP loan and was legally released from the loan obligation. The forgiveness income is recorded as Gain on Extinguishment of Debt – Forgiven Paycheck Protection Program Loan in the amount of \$694,900 in the Statement of Activities for the year ended June 30, 2021.

Note G: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions consisted of the following at June 30:

	2022	2021
Restricted by Purpose		
BELONG - Rider 51 Dollars	\$ 981,209	\$ -
BELONG - Startup Funds	-	20,480
Total Net Assets With Donor Restrictions	\$ 981,209	\$ 20,480

Note H: Insurance Proceeds

During 2021, SJRC Texas received insurance proceeds of \$107,367 for building damages that occurred during Winter Storm Uri in February 2021. These funds were designated by the Board of Directors to repair these damages. Additional insurance proceeds of \$180,812 were received during 2022 for building damages and were used to complete building repairs in 2022. Board Designated Net Assets at June 30, 2022 and 2021 were **\$0** and \$107,367, respectively.

Note I: Concentrations

Credit Risk of Financial Instruments

Financial instruments which potentially subject SJRC Texas to a concentration of credit risk consist of its cash balances held at its financial institution. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022 and 2021, SJRC Texas' cash balance at its financial institution exceeded the insured FDIC limit by **\$2,877,214** and \$1,573,422, respectively. SJRC Texas has not experienced any losses in such account and management believes it is not exposed to a significant risk on its cash balance.

SJRC Texas

Notes to Financial Statements Years Ended June 30, 2022 and 2021

Note I: Concentrations (Continued)

Concentrations of credit risk with respect to receivables are limited because such receivables result primarily from contracts with federal, state, and local governments.

Support and Revenue

The primary source of SJRC Texas' revenue is grants and contracts funded with federal and state funds. The revenue from these contracts and grants for the years ended June 30, 2022 and 2021 were **\$20,890,400** and \$4,344,845, which was **82%** and 64% of total support and revenue, respectively.

Government Contracts and Grants revenue at June 30 is summarized as follows:

Government Agency	Type	Source	2022	
			Amount	Percent of Total Support and Revenues
Texas Department of Family and Protective Services	Various	Federal & State	\$ 19,638,481	\$ 78%
Texas Health and Human Services	Grant	State	175,000	1%
Texas Pregnancy Care Network	Grant	State	300,945	1%
Texas Office of the Governor Criminal Justice Division	Grant	Federal	715,338	3%
United States Department of Agriculture	Grant	Federal	60,636	0%
Total Government Contracts and Grants			<u>\$ 20,890,400</u>	<u>\$ 82%</u>

Government Agency	Type	Source	2021	
			Amount	Percent of Total Support and Revenues
Texas Department of Family and Protective Services	Fee for Service	State	\$ 3,205,167	\$ 47%
Texas Pregnancy Care Network	Grant	State	420,537	6%
Texas Office of the Governor Criminal Justice Division	Grant	Federal	637,186	9%
United States Department of Agriculture	Grant	Federal	81,955	1%
Total Government Contracts and Grants			<u>\$ 4,344,845</u>	<u>\$ 64%</u>

Note J: Contributed Nonfinancial Assets

Contributed Goods

Throughout the year SJRC Texas receives donated goods and services mainly related to clothes, supplies, toys. The goods were provided for SJRC Texas' programs. SJRC Texas estimated the fair value of supplies at the estimated fair value on current rates for similar items. The supplies did not have donor-imposed restrictions. SJRC recorded in-kind goods of **\$0** and \$18,891 for the years ended June 30, 2022 and 2021, respectively.

SJRC Texas

Notes to Financial Statements June 30, 2022 and 2021

Note K: Leases

SJRC Texas is obligated under a non-cancellable operating lease agreements for office space and equipment. The lease agreement is effective July 1, 2020 and expiring on June 30, 2031, of which monthly payments effective only until June 30, 2027. The amount of total rent and lease expense related to these leases for the years ended June 30, 2022 and 2021 was **\$97,580** and \$90,347, respectively

Future minimum rental payments due under non-cancellable lease agreement for office space in excess of one year at June 30 is summarized as follows:

2023	\$	79,933
2024		81,935
2025		83,936
2026		85,938
2027		87,939
		<hr/>
Total	\$	<u>419,681</u>

Note L: Retirement Plan

SJRC Texas established a 401(k)-retirement plan effective July 1, 2019. Employees who have attained the age 21 and completed twelve months (1000 hours) of service are eligible to contribute to the plan. These eligibility requirements were waived for employees employed on the original effective date of the plan. SJRC Texas currently provides discretionary matching contributions and discretionary profit-sharing contributions to eligible participants; amounts allocated to eligible participant's accounts may vary based on the amount or percentage determined from year to year. SJRC Texas' total contribution for the years ended June 30, 2022 and 2021 were **\$13,463** and \$13,120, respectively.

Note M: Commitments and Contingencies

SJRC Texas participates in several state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that SJRC Texas has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note N: Risk and Uncertainty

Certain current economic events have arisen which could impact SJRC Texas' ongoing operations. As a result of the COVID-19 pandemic, mandated and voluntary closings have caused various business and supply chain disruptions which have an indeterminate duration. Additionally, the effects of economic stimulus programs and U.S. Federal Reserve actions remain uncertain. These matters could impact numerous facets of the business environment including interest rates, inflation, and the availability of goods, capital and labor. Any related financial impact cannot be reasonably estimated at this time.

Note O: Subsequent Events

Subsequent events have been evaluated through the November 10, 2023, which is the date the financial statements were available to be issued.

Compliance Report

**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 of
SJRC 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 SJRC Texas (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 November 10, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SJRC Texas' internal control over financial reporting (internal control) to determine the 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 SJRC Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of SJRC Texas' 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. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether SJRC Texas' 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 determination of financial statement amounts. 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*.

**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* (Continued)**

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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "Schriver Carmona". The signature is fluid and cursive, with the first name "Schriver" and last name "Carmona" clearly distinguishable.

Schrivers, Carmona & Company, PLLC

San Antonio, Texas

November 10, 2023

**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance**

To the Board of Directors of
SJRC Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited SJRC Texas' compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of SJRC Texas' major federal programs for the year ended June 30, 2022. SJRC Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SJRC Texas 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 programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance Section of our report.

We are required to be independent of SJRC Texas and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of SJRC Texas' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to SJRC Texas' federal programs.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance (Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SJRC Texas' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SJRC Texas' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SJRC Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SJRC Texas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SJRC Texas' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance (Continued)**

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "Schriver Carmona". The signature is fluid and cursive, with the first name "Schriver" and last name "Carmona" clearly distinguishable.

Schrivers, Carmona & Company, PLLC

San Antonio, Texas

November 10, 2023

SJRC Texas

Schedule of Expenditures of Federal and State Awards Year Ended June 30, 2022

Agency/Pass through Agency/Program Title	ALN Number	Pass Through or Grant ID Number	Federal Grant Expended During the Year	State Grant Expended During the Year
U.S. Department of Health and Human Services				
<i>Passed through Texas Department of Family and Protective Services</i>				
Resource Transfer - DFPS Program 146R1 - IVE Guardianship Admin	93.090	HHS000901800001	\$ 530	\$ -
Resource Transfer - DFPS Program 146R2 - IVE Guardianship Admin	93.090	HHS000901800001	21	-
			551	-
Adoption Payments Pass Thru	93.556	HHS000901800001	173,250	65,750
TANF Emergency Assistance - DFPS Program 20300 - Title XIX Block	93.558	HHS000901800001	94,500	
Pass through to providers - DFPS Program 26300 TANF non Assist	93.558	HHS000901800001	165,594	
Pass through to providers - DFPS Program 26300 TANF Assist	93.558	HHS000901800001	2,387,447	
PAT Program	93.558	HHS000855300011	5,187	153,783
			2,652,728	153,783
Resource Transfer - DFPS Program 146R1 - IVE FC Admin	93.658	HHS000901800001	57,221	-
Resource Transfer - DFPS Program 146R1 - IVE FC Training	93.658	HHS000901800001	6,035	-
Resource Transfer - DFPS Program 146R1 - IVE FC Admin Sex Traffic	93.658	HHS000901800001	312	-
Resource Transfer - DFPS Program 146R2 - IVE FC Admin	93.658	HHS000901800001	2,299	-
Resource Transfer - DFPS Program 146R2 - IVE FC Admin Sex Traffic	93.658	HHS000901800001	11	-
Q&U - DFPS Program 20300 - IVE FC Admin	93.658	HHS000901800001	6,539	-
Q&U - DFPS Program 20300 - IVE FC Admin Sex Traffic	93.658	HHS000901800001	6	-
Pass through to providers - DFPS Program 26300 - IVE FC Admin	93.658	HHS000901800001	459,598	-
Pass through to providers - DFPS Program 26300 - IVE FC Maint	93.658	HHS000901800001	1,882,680	-
Pass through to providers - DFPS Program 26400 TANF non Assist	93.658	HHS000901800001	921,325	-
			3,336,026	-
Resource Transfer - DFPS Program 146R1 - IVE Adoption Admin	93.659	HHS000901800001	7,152	-
Resource Transfer - DFPS Program 146R1 - IVE AA Admin	93.659	HHS000901800001	1,854	-
Resource Transfer - DFPS Program 146R2 - IVE Adoption Admin	93.659	HHS000901800001	259	-
Resource Transfer - DFPS Program 146R2 - IVE AA Admin Delink	93.659	HHS000901800001	73	-
			9,338	-
Q&U - DFPS Program 20300 - Title XIX Block	93.667	HHS000901800001	17,843	-
Resource Transfer - DFPS Program 146R1 - Title XIX Admin	93.778	HHS000901800001	13,073	-
Resource Transfer - DFPS Program 146R2 - Title XIX Admin	93.778	HHS000901800001	460	-
			13,533	-
Start Up Funds - DFPS Program 14601	N/A	HHS000901800001	-	1,433,485
CANS Allocation - DFPS Program 14603	N/A	HHS000901800001	-	47,886
Network Support - DFPS Program 146N1	N/A	HHS000901800001	-	601,970
RIDER 51 SSCC Collaboration Funds - DFPS Program 146PL	N/A	HHS000901800001	-	1,043,428
Resource Transfer - DFPS Program 146R1	N/A	HHS000901800001	-	859,786
Resource Transfer - DFPS Program 146R2 - State Funds	N/A	HHS000901800001	-	32,867
Q&U - DFPS Program 20300 - State Funds	N/A	HHS000901800001	-	24,388
Pass through to providers - DFPS Program 26300 - State Funds	N/A	HHS000901800001	-	1,442,653
Pass through to providers - DFPS Program 26400 - State Funds	N/A	HHS000901800001	-	2,179,713
Pass through to providers - DFPS Program 26900 11.5% Stipends	N/A	HHS000901800001	-	933,516
			-	8,599,692
<i>Total Texas Department of Family and Protective Services</i>			6,203,269	8,819,225
Total U.S. Department of Health and Human Services			\$ 6,203,269	\$ 8,819,225

SJRC Texas

Schedule of Expenditures of Federal and State Awards Year Ended June 30, 2022

Agency/Pass through Agency/Program Title	ALN Number	Pass Through or Grant ID Number	Federal Grant Expended During the Year	State Grant Expended During the Year
U.S. Department of Justice				
<i>Passed through Texas Office of the Governor</i>				
<i>Criminal Justice Division</i>				
VA - Victims of Crime Act Formula Grant Plan MAIN OLD	16.575	2018-V2-GX-0040	\$ 81,389	\$ -
VA - Victims of Crime Act Formula Grant Plan MAIN	16.575	2020-V2-GX-0004	228,592	-
VA - Victims of Crime Act Formula Grant Plan CST LT OLD	16.575	2019-V2-GX-0011	47,899	-
VA - Victims of Crime Act Formula Grant Plan CST LT	16.575	2020-V2-GX-0004	145,288	-
VA - Victims of Crime Act Formula Grant Plan CST ER OLD	16.575	2019-V2-GX-0011	52,889	-
VA - Victims of Crime Act Formula Grant Plan CST ER	16.575	2020-V2-GX-0004	159,281	-
<i>Total Texas Office of the Governor</i>			<u>715,338</u>	<u>-</u>
<i>Criminal Justice Division</i>				
Total U.S. Department of Justice			<u>715,338</u>	<u>-</u>
U.S. Department of Agriculture				
<i>Passed through Texas Department of Agriculture</i>				
National School Lunch Program	10.555	N/A	29,385	-
Afterschool Care Program	10.555	N/A	4,191	-
School Breakfast Program	10.553	N/A	21,936	-
<i>Total Texas Department of Agriculture</i>			<u>55,512</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ 6,974,119</u>	<u>\$ 8,819,225</u>

SJRC Texas

Notes to Schedule of Expenditures of Federal and State Awards June 30, 2022

Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of SJRC Texas under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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).

Because the Schedule presents only a selected portion of the operations of SJRC Texas, it is not intended, and does not, present the financial position, changes in net assets or cash flows of SJRC Texas. Therefore, some amounts presented in the Schedule may differ from amounts presented in the financial statements.

All of SJRC Texas' federal awards were in the form of cash assistance for the year ended June 30, 2022.

Note B: Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 230, *Costs Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) SJRC Texas has elected to not use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note C: Reconciliation to Statement of Activities in Financial Statements

Total Expenditures of Federal Awards	\$ 6,974,119
Total Expenditures of State Awards	8,819,225
Other Contracts	<u>5,097,056</u>
Total Government Contracts and Grants	<u>\$ 20,890,400</u>

SJRC Texas

Federal Awards – Schedule of Findings and Questioned Costs Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to the financial statements?	No

Federal Awards

Internal Control Over Major Programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
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 2 CFR Section 200.516?	No
Identification of Major Programs:	

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families
93.658	Foster Care Title IV-E

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS

None

SJRC Texas**Federal Awards – Summary Status of Prior Year Audit Findings
Year Ended June 30, 2022**

There are no findings from prior year that require an update in this report.

SJRC Texas

State Awards – Schedule of Findings and Questioned Costs Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to the financial statements?	No

State Awards

Internal Control Over Major Programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
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 State of Texas Single Audit Circular?	No
Identification of Major Programs:	

<u>Grant Number</u>	<u>Name of State Program</u>
HHS000901800001	Child Protective Services (CPS) Program

Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - STATE AWARD FINDINGS

None

SJRC Texas**State Awards – Summary Status of Prior Year Audit Findings
Year Ended June 30, 2022**

There are no findings from prior year that require an update in this report.