# Connections Individual and Family Services, Inc.

## Financial Statements and Compliance Report

**August 31, 2023 and 2022**

SCHRIVER CARMONA

Certified Public Accountants

# Connections Individual and Family Services, Inc.

Table of Contents

SCHRIVER CARMONA
Certified Public Accountants

7550 W IH-10, Suite 504
San Antonio, Texas 78229
Phone: 210-680-0350
Fax: 210-390-0802
www.scc-cpa.com

## Independent Auditor's Report

To the Board of Directors of
Connections Individual and Family Services, Inc.

### *Opinion*

We have audited the accompanying financial statements of Connections Individual and Family Services, Inc. (Connections) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023, 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 Connections as of August 31, 2023 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 Connections 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 Connections' 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.

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 Connections' 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 Connections' 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.

***Supplementary Information***

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards on page 26, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *Texas Comptroller of Public Accounts, State of Texas Grant Management Standards*, which includes the State of Texas Single Audit Circular, 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 schedule of expenditures of federal and state 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 February 21, 2024, on our consideration of Connections' 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 Connections' internal control over financial reporting and compliance.

### *Report on Summarized Comparative Information*

We have previously audited Connections’ 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schriver, Carmona & Company, PLLC

San Antonio, Texas

February 21, 2024

## Financial Statements

## Connections Individual and Family Services, Inc.

Statements of Financial Position
August 31, 2023 and 2022

| | | 2023 | | 2022 |
|---|---|---|---|---|
| **Assets** | | | | |
| ***Current Assets:*** | | | | |
| Cash and Cash Equivalents | **$** | **1,745,956** | $ | 318,714 |
| Certificates of Deposit | | **1,512,452** | | - |
| Accounts Receivable, Net Allowance for Doubtful Accounts | | **2,893,215** | | 1,014,158 |
| Prepaid Expenses | | **57,271** | | 50,489 |
| ***Total Current Assets*** | | **6,208,894** | | 1,383,361 |
| Investments - Endowment Fund | | **96,464** | | 89,760 |
| Property and Equipment, Net of Accumulated Depreciation | | **1,354,256** | | 1,021,751 |
| Other Assets | | **8,577** | | 7,122 |
| Operating Lease-Right-of-Use Asset | | **127,051** | | - |
| **Total Assets** | **$** | **7,795,242** | $ | 2,501,994 |
| **Liabilities and Net Assets** | | | | |
| ***Current Liabilities:*** | | | | |
| Accounts Payable | **$** | **127,966** | $ | 38,357 |
| Accrued Payroll | | **138,345** | | 151,574 |
| Accrued Liabilities | | **1,336** | | - |
| Deferred Revenue - Capital Campaign | | **250,000** | | - |
| Operating Lease Liability - Current Portion | | **66,469** | | - |
| ***Total Current Liabilities*** | | **584,116** | | 189,931 |
| Operating Lease Liability - Long-Term Portion | | **60,850** | | - |
| ***Total Liabilities*** | | **644,966** | | 189,931 |
| ***Net Assets:*** | | | | |
| Without Donor Restrictions | | **2,600,059** | | 2,069,158 |
| Without Donor Restrictions - Board Designated | | **96,464** | | 89,760 |
| With Donor Restrictions | | **4,453,753** | | 153,145 |
| ***Total Net Assets*** | | **7,150,276** | | 2,312,063 |
| **Total Liabilities and Net Assets** | **$** | **7,795,242** | $ | 2,501,994 |

The Accompanying Notes are an Integral Part of These Financial Statements.

## Connections Individual and Family Services, Inc.

Statement of Activities
Year Ended August 31, 2023 (with Comparative Totals for the Year Ended August 31, 2022)

| | 2023 | | | 2022 |
|---|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | **Totals** | 2022 Totals |
| **Support and Revenues** | | | | |
| ***Support:*** | | | | |
| Government Contracts | $ 4,478,517 | $ - | **$ 4,478,517** | $ 4,245,060 |
| Grants and Contributions | 221,888 | 4,668,136 | **4,890,024** | 499,559 |
| Employee Retention Tax Credit | 459,819 | - | **459,819** | 438,040 |
| Contributed Nonfinancial Assets | 238,849 | - | **238,849** | 207,656 |
| ***Revenues:*** | | | | |
| Rental Income | 7,216 | - | **7,216** | 17,735 |
| Investment Income (Loss), net of fees of $1,264 and $1,467 in 2023 and 2022, respectively | 6,262 | - | **6,262** | (11,449) |
| Interest Income | 18,865 | - | **18,865** | - |
| Other Income | 5,634 | - | **5,634** | 2,690 |
| Net Assets Released from Restrictions | 367,528 | (367,528) | **-** | - |
| **Total Support and Revenues** | 5,804,578 | 4,300,608 | **10,105,186** | 5,399,291 |
| **Expenses** | | | | |
| Program Services | 4,438,417 | - | **4,438,417** | 4,311,056 |
| ***Support Services:*** | | | | |
| Management and General | 687,616 | - | **687,616** | 586,708 |
| Fundraising | 140,940 | - | **140,940** | 141,307 |
| **Total Expenses** | 5,266,973 | - | **5,266,973** | 5,039,071 |
| **Change in Net Assets** | 537,605 | 4,300,608 | **4,838,213** | 360,220 |
| **Net Assets at Beginning of Year** | 2,158,918 | 153,145 | **2,312,063** | 1,951,843 |
| **Net Assets at End of Year** | $ 2,696,523 | $ 4,453,753 | **$ 7,150,276** | $ 2,312,063 |

The Accompanying Notes are an Integral Part of These Financial Statements.

## Connections Individual and Family Services, Inc.

Statement of Functional Expenses
Year Ended August 31, 2023 (with Comparative Totals for the Year Ended August 31, 2022)

| | Program Services | Support Services: Management and General | Support Services: Fundraising | **2023 Totals** | 2022 Totals |
|---|---|---|---|---|---|
| Salaries and Wages | $ 2,864,509 | $ 411,825 | $ 50,827 | **$ 3,327,161** | $ 3,107,272 |
| Payroll Taxes, Employee Health and Fringe Benefits | 429,180 | 96,830 | 9,628 | **535,638** | 456,735 |
| Total Employee Compensation | 3,293,689 | 508,655 | 60,455 | **3,862,799** | 3,564,007 |
| ***Other Operating Expenses:*** | | | | | |
| Advertising and Media | 16,558 | 975 | 7,112 | **24,645** | 42,909 |
| Appreciation | 1,427 | 3,185 | 150 | **4,762** | 7,563 |
| Bad Debt | - | 43 | - | **43** | 3,489 |
| Bank Charges and Other Fees | - | 7,031 | - | **7,031** | 5,067 |
| Cash Match | 13,943 | - | - | **13,943** | 9,062 |
| Communication and TV | 38,648 | 2,536 | 424 | **41,608** | 46,921 |
| Information Technology Contract Services | 32,784 | 10,253 | 63 | **43,100** | 34,513 |
| Contract Labor | - | - | 12,000 | **12,000** | 7,591 |
| Dues and Licenses | 12,560 | 16,853 | 1,417 | **30,830** | 58,436 |
| Equipment Rental | 10,765 | 665 | 87 | **11,517** | 10,331 |
| Facility Maintenance and Repairs | 119,150 | 5,429 | 653 | **125,232** | 178,173 |
| Fundraising | - | 20,537 | - | **20,537** | 4,484 |
| Gift Cards | 2,958 | 1,307 | - | **4,265** | 21,830 |
| Contributed Nonfinancial Assets | 193,644 | 3,207 | 41,998 | **238,849** | 207,656 |
| Insurance and Bond | 36,507 | 24,201 | 49 | **60,757** | 42,761 |
| Loss on Disposal of Property and Equipment | - | - | - | **-** | 2,146 |
| Medical | 1,173 | - | - | **1,173** | 1,004 |
| Mileage | $ 48,760 | $ 1,371 | $ 351 | **$ 50,482** | $ 46,354 |

**Connections Individual and Family Services, Inc.**

Statement of Functional Expenses
Year Ended August 31, 2023 (with Comparative Totals for the Year Ended August 31, 2022)
(Continued)

| | | Support Services | | | |
|---|---|---|---|---|---|
| | **Program Services** | Management and General | Fundraising | **2023 Totals** | 2022 Totals |
| Miscellaneous | $ 24,998 | $ 12,800 | $ 855 | **$ 38,653** | $ 13,790 |
| Postage | 847 | 168 | 36 | **1,051** | 570 |
| Printing | 463 | 63 | 634 | **1,160** | 517 |
| Professional Fees | 30,009 | 2,036 | 89 | **32,134** | 26,066 |
| Rent | 128,505 | 1,906 | - | **130,411** | 126,996 |
| Recreation and Food | 31,095 | 4,085 | 6,307 | **41,487** | 13,588 |
| Supplies - Basic Needs | 67,362 | | | **67,362** | 56,645 |
| Supplies - Food | - | - | - | **-** | 10,415 |
| Supplies - Household and Furniture | 4,877 | 60 | - | **4,937** | 16,114 |
| Supplies - Incentives | 17,443 | - | - | **17,443** | 11,287 |
| Supplies - Information Dissemination | 38,151 | - | - | **38,151** | 49,262 |
| Supplies - Office | 26,343 | 5,234 | 1,375 | **32,952** | 53,904 |
| Supplies - Positive Alternative | 20,387 | - | - | **20,387** | 16,696 |
| Supplies - Program | 50,138 | 55 | - | **50,193** | 43,588 |
| Supplies - Software | 24,611 | 48,186 | 6,079 | **78,876** | 68,701 |
| Supplies - Technology | - | | | **-** | 5,749 |
| Temporary Assistance for Needy Families - Basic Needs | 3,681 | - | - | **3,681** | 60,243 |
| Training | 21,965 | 2,143 | 94 | **24,202** | 29,886 |
| Travel | 12,169 | 271 | - | **12,440** | 10,316 |
| Utilities | 53,308 | 4,361 | 712 | **58,381** | 55,646 |
| Vehicle | 21,589 | - | - | **21,589** | 52,920 |
| Total Expenses Before Depreciation | 4,400,507 | 687,616 | 140,940 | **5,229,063** | 5,017,196 |
| Depreciation | 37,910 | - | - | **37,910** | 21,875 |
| **Total Expenses** | $ 4,438,417 | $ 687,616 | $ 140,940 | **$ 5,266,973** | $ 5,039,071 |

The Accompanying Notes are an Integral Part of These Financial Statements.

**Connections Individual and Family Services, Inc.**

Statements of Cash Flows
Years Ended August 31, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **Cash Flows From Operating Activities:** | | |
| Change in Net Assets | **$ 4,838,213** | $ 360,220 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | **37,910** | 21,875 |
| Capital Campaign Contribution | **(4,779,715)** | - |
| Bad Debt | **43** | 3,489 |
| Loss on Disposal of Property and Equipment | **-** | 2,146 |
| Unrealized (Gain) Loss on Investments - Endowment Fund | **(4,018)** | 14,918 |
| (Increase) Decrease in: | | |
| Accounts Receivable | **(1,879,100)** | (284,693) |
| Prepaid Expenses | **(6,782)** | (36,593) |
| Other Assets | **(1,455)** | 5,021 |
| Operating Lease-Right-of-Use Asset | **(127,051)** | - |
| Increase (Decrease) in: | | |
| Accounts Payable | **89,609** | (42,340) |
| Accrued Payroll | **(13,229)** | 19,502 |
| Accrued Liabilities | **1,336** | (76,066) |
| Deferred Revenue - Capital Campaign | **250,000** | (5,950) |
| Operating Lease Liability | **127,319** | - |
| **Net Cash Provided (Used) by Operating Activities** | **(1,466,920)** | (18,471) |
| **Cash Flows From Investing Activities:** | | |
| Purchase of Certificates of Deposit | **(1,500,000)** | - |
| Reinvestment of Certificates of Deposit Dividend and Interest | **(12,452)** | - |
| Reinvestment of Income from Investment Dividends and Interest, net of Fees | **(2,686)** | (30,769) |
| Purchase of Property and Equipment | **(68,321)** | (148,038) |
| Capital Expenditures Related to Design and Construction | **(302,094)** | - |
| Proceeds from Disposal of Property and Equipment | **-** | 42,229 |
| **Net Cash Used by Investing Activities** | **(1,885,553)** | (136,578) |
| **Cash Flows From Financing Activities:** | | |
| Proceeds for Capital Campaign | **4,779,715** | - |
| **Net Cash Provided by Financing Activities** | **4,779,715** | - |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | **1,427,242** | (155,049) |
| Cash and Cash Equivalents, Beginning of Year | **318,714** | 473,763 |
| **Cash and Cash Equivalents, End of Year** | **$ 1,745,956** | $ 318,714 |

The Accompanying Notes are an Integral Part of These Financial Statements.

## Note A: Nature of Organization

Connections Individual and Family Services, Inc. (Connections) is a nonprofit organization incorporated in 1981 which offers counseling services, substance abuse prevention/resiliency education, and residential services for children from the ages of 5 – 21. Connections' two emergency shelters serve youth ages 5 through high school graduation that are either homeless, running away, or experiencing family conflict, as well as youth who have entered the state's foster care system due to abuse or neglect. Connections also provides a longer-term Transitional Living Program for youth ages 5 – 21 who are in the state's foster care system and are preparing for living on their own as adults. Counseling services are offered for youth and families in 11 counties in south and south-central Texas. Substance misuse prevention services are offered in 17 counties that overlap Connections' counseling service area. Connections is funded primarily from government contracts and donations from foundations, corporations and individuals.

## Note B: Summary of Accounting Principles

### *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting in conformity 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 Connections generally are not considered "restricted" under GAAP, though for internal reporting Connections 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 Connections' 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 that resources be maintained in perpetuity.

### *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 Connections 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.

## Note B: Summary of Accounting Principles (Continued)

### *Fair Value of Financial Instruments*

Connections' financial instruments include cash and cash equivalents, receivables, investments, and payables. The carrying amount of these financial instruments, except for the endowment fund (see **Note D**), as reflected in the Statements of Financial Position approximates fair value.

### *Methods Used for Allocation of Expenses among Program and Support Services*

The financial statements of Connections report categories of expenses that are attributed to more than one program or support function. These expenses require allocation on a reasonable basis that is consistently applied. Below are the five methods employed by Connections to allocate these expenses during 2023:

- *Personnel Costs*: All employees except for those who work primarily administration are funded by at least one grant, and several are funded by more than one grant. Personnel line items in grant budgets list job titles and FTEs. Connections has a salary distribution spreadsheet that lists each employee along with all the funding sources. For each employee, the percentage is listed for each funding source, and the salary amount is calculated. Amounts are totaled by individual, program and funding source. The percentages are based on the grant budgets and management's best estimates of time required for each program.

- *Fringe benefits (FICA, UC, and Worker's Compensation)*: are allocated in the same manner as salaries and wages. Health insurance, dental insurance, life and disability and other fringe benefits are also allocated in the same manner as salaries and wages. Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages. Timesheets are completed by staff and utilized to determine actual time and effort on federally supported grants and projects for payroll.

- *Office Expenses*: Most office expenses (rent, telephone, information technology, copier rental, supplies, postage) are allocated based upon personnel's square footage. For some line items, there is a mix of allocated joint costs and identifiable costs attributable to a specific service. For example, building improvements are occasionally funded by a single source.

- *Direct Service Expenses*: Costs are allocated either directly to the grant if the expense is grant specific, otherwise utilization rates are applied to allocate a percentage of the expense; the approach used may differ from line to line. In the event an expense is not grant related or suitable for the utilization methodology, the expense will be allocated to administrative expenses.

- *Administrative Expenses*: Some expenses that are classified as administrative expenses for management purposes relate directly to program activities and are therefore eligible expenses under some grants. These include accounting services and some types of insurance. The utilization methodology is applied to these types of expenses where applicable. Many expenses in the administrative category, such as fundraising expenses or directors' and officers' liability insurance, are not eligible for the utilization methodology and therefore are 100% administrative expenses.

### *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.

## Note B: Summary of Accounting Principles (Continued)

### *Cash and Cash Equivalents*

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

### *Accounts Receivable*

Accounts receivable are primarily due to government contracts which are carried at the original invoice amount, less an allowance made for impairment of these receivables. These receivables are analyzed individually for purposes of determining collectability. Connections provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. The allowance for doubtful accounts at August 31, 2023 and 2022 was **$36,607** and $24,629, respectfully.

### *Property and Equipment*

Connections capitalizes all expenditures for property and equipment in excess of $2,500. 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:

| | |
|---|---|
| Buildings and Improvements | 10 to 40 years |
| Vehicles | 5 years |

### *Investments*

Investments are carried at fair value based on quoted market prices for financial statement purposes. A provision for unrealized gains or losses is made each year to adjust to the appropriate value. Realized and unrealized gains and losses are determined by comparison of cost to proceeds or fair value, respectively. Cost is determined by historical purchase price or, in the case of any donated investments, the fair market value of those investments at the date of the gift. Investment income and gains restricted by a donor are reported as increases in Net Assets Without Donor Restrictions if the restrictions are met (either by passage of time or by use in the reporting period in which the income are gains are reported).

### *Prepaid Expenses*

Expenses recorded in advance of the service or product being received are deferred and presented on the Statement of Financial Position as Prepaid Expenses.

### *Advertising Costs*

Advertising costs are expensed as incurred. Advertising expenses for the years ending August 31, 2023 and 2022 were **$24,645** and $42,909, respectively.

## Note B: Summary of Accounting Principles (Continued)

### *Revenue and Revenue Recognition*

Contributions and Grants

Connections 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.

Government Contracts

Government contracts revenue in the Statement of Activities primarily consists of contracts administered through the Texas Health and Human Services Commission and Department of Family Protective Services. These contracts consist of reimbursement contracts and fee for services contracts. Revenue from reimbursement contract is recorded when allowable expenses are incurred. Revenue from fee for services is recorded when the contracted services are provided.

### *Federal and State Income Taxes*

Connections is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. Contributions to Connections are deductible to the extent allowed by law. Management of Connections believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. In addition, Connections 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 August 31, 2023 and 2022. Connections 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.

### *Recently Issued Accounting Pronouncements*

Adopted During 2023

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). Refer to **Note G**.

### *Summarized Financial Information*

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Connections’ financial statements for the year ended August 31, 2022 from which the summarized information was derived.

## Note C: Liquidity and Availability of Financial Assets

The following represents Connections' financial assets at August 31 available to meet general expenditures over the next twelve months:

| | 2023 | 2022 |
|---|---|---|
| Financial assets at year end: | | |
| Cash and Cash Equivalents | **$ 1,745,956** | $ 318,714 |
| Certificates of Deposit | **1,512,452** | - |
| Accounts Receivable, Net of Allowance for Doubtful Accounts | **2,893,215** | 1,014,158 |
| Investments – Endowment Fund | **96,464** | 89,760 |
| Total Financial Assets | **6,248,087** | 1,422,632 |
| Less those unavailable for general expenditures over the next twelve months due to: | | |
| Net Assets with Donor Restrictions | **4,453,753** | 153,145 |
| Endowment Fund – Board Designated | **96,464** | 89,760 |
| Deferred Revenue – Capital Campaign | **250,000** | - |
| Less net assets with timing restrictions to be met over the next twelve months | **-** | - |
| | **4,800,217** | 242,905 |
| Financial assets available to meet general expenditures over the next twelve months | **$ 1,447,870** | $ 1,179,727 |

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

## Note D: Endowment Fund

Connections' Endowment Fund (the Fund) is a board-designated endowment fund managed by the New Braunfels Community Foundation, a nonprofit organization incorporated in 2012 which operates as a local community foundation that offers individuals, businesses, and families a professional and efficient way to match philanthropic efforts with the needs of the greater New Braunfels, Texas area. Income generated is to be spent only for support of the mission of Connections. Donor-designated gifts to the Fund are invested to produce income that is to be incorporated into the general funds of the institution or to be retained in the Fund by action of the Board of Directors. Connections decides how the funds will be distributed and used. The Fund is recorded at fair market value and as of August 31, 2023, and 2022, the fair value of the Endowment Fund was **$96,464** and $89,760, respectively.

## Note E: Investments and Fair Value Measurements

Connections uses fair value measurements to record fair value adjustments to certain assets and liabilities to determine fair value disclosures. For additional information on how Connections measures fair value, refer to **Note B**. The following describes the valuation methods and assumptions used by Connections in estimating the fair value disclosures for investments. There have been no changes in methodologies used at August 31, 2023.

- *Equity Funds* are valued at the net asset value.

The following table sets forth by level, within the fair value hierarchy, Connections' investments at fair value as of August 31, 2023:

| | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| Equity Funds | **$ 96,464** | **$ -** | **$ -** | **$ 96,464** |
| Total Investments at Fair Value | **$ 96,464** | **$ -** | **$ -** | **$ 96,464** |

The following table sets forth by level, within the fair value hierarchy, Connections' investments at fair value as of August 31, 2022:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Equity Funds | $ 89,760 | $ - | $ - | $ 89,760 |
| Total Investments at Fair Value | $ 89,760 | $ - | $ - | $ 89,760 |

Investment returns for the years ended August 31 is summarized and reported on the Statement of Activities as follows:

| | **2023** | 2022 |
|---|---|---|
| Interest and Dividends | **$ 3,508** | $ 4,936 |
| Unrealized Gain (Loss) | **4,018** | (14,918) |
| Less: Fees | **(1,264)** | (1,467) |
| Total Investment Income (Loss), net | **$ 6,262** | $ (11,449) |

## Note F: Property and Equipment

Property and Equipment, Net of Accumulated Depreciation consisted of the following at August 31:

| | **2023** | 2022 |
|---|---|---|
| Land | **$ 678,538** | $ 678,538 |
| Buildings and Improvements | **367,856** | 367,856 |
| Construction in Progress | **302,094** | - |
| Vehicles | **103,820** | 35,499 |
| Total Property and Equipment | **1,452,308** | 1,081,893 |
| Less: Accumulated Depreciation | **(98,052)** | (60,142) |
| Property and Equipment, Net of Accumulated Depreciation | **$ 1,354,256** | $ 1,021,751 |

Depreciation expense for the years ended August 31, 2023 and 2022 was **$37,910** and $21,773, respectively.

## Note G: Leases

As discussed in **Note B**, Connections adopted ASU 2016-02 during 2023. Connections assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded in the Statement of Financial Position. Lease expense is recognized for these leases on a straight-line basis over the lease term. Connections has elected to apply the short-term lease exception to all leases with a term of 12 months or less.

Connections has various lease agreements for office space that expire December 31, 2023 through March 7, 2026 and one copier lease that expires June 30, 2028. The copier lease agreement includes an option for Connections to purchase copier at fair market value or return copier within 30 days of lease term if Connections provides written notice no greater than 150 days and no less than 60 days prior to end of lease term. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following summarizes the line items in the Statements of Financial Position which include amounts for operating and finance lease right-to-use assets and liabilities as of August 31, 2023:

| | |
|---|---|
| Operating Lease Right-of-Use Asset | $ 127,051 |
| Current Portion of Operating Lease Liability | $ 66,469 |
| Long-Term Portion of Operating Lease Liability | 60,850 |
| Total Operating Lease Liability | $ 127,319 |

## Note G: Leases (Continued)

The following summarizes the line items in the Statement of Functional Expenses which include the components of lease expenses for the year ended August 31, 2023:

| | | |
|---|---|---|
| Operating lease expense included in: | | |
| Equipment Rental | $ | 5,250 |
| Rent | | 76,167 |
| Total Operating Lease Expense | $ | 81,417 |

The following summarizes the Statements of Cash Flows supplemental cash flow information for the year ended August 31, 2023:

| | | |
|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows from operating lease | $ | 76,170 |
| Right-of-use assets obtained in exchange for lease liabilities: | | |
| Operating lease | $ | 200,420 |

The following summarizes the weighted average remaining lease term and discount rate as of August 31, 2023:

| | |
|---|---|
| Weighted Average Remaining Lease Term (years): | |
| Operating lease | 2.38 |
| Weighted Average Discount Rate: | |
| Operating lease | 3.63% |

The maturities of lease liabilities as of August 31, 2023 were as follows:

| | | |
|---|---|---|
| 2024 | $ | 69,940 |
| 2025 | | 40,149 |
| 2026 | | 11,725 |
| 2027 | | 6,300 |
| 2028 | | 5,250 |
| Total Lease Payments | | 133,364 |
| Less: Interest | | (6,045) |
| Present Value of Lease Liabilities | $ | 127,319 |

## Note H: Concentrations

### *Credit Risk of Financial Instruments*

Financial instruments which potentially subject Connections 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 August 31, 2023 and 2022, Connections' cash balance at its financial institution exceeded the insured FDIC limit by **$3,043,088** and $70,144 respectively. Connections has not experienced any losses in such account and management believes it is not exposed to a significant risk on its cash balance.

### *Support and Revenues*

Connections received approximately **44%** and 79% of total support and revenues from government contracts related funding in 2023 and 2022, respectively. The loss of funding from these contracts could reduce the Connections' ability to achieve its objectives. For additional information on the nature of these contracts, refer to **Note M**.

Government Contracts revenue at August 31 is summarized as follows:

| | 2023 | |
|---|---|---|
| **Government Agency** | **Amount** | **Percent of Total Support and Revenues** |
| **Texas Health and Human Services Commission** | **$ 1,277,612** | **13%** |
| **Texas Office of the Governor Criminal Justice Division** | **202,608** | **2%** |
| **Texas Department of Family and Protective Services** | **2,790,158** | **28%** |
| **U.S. Department of Health and Human Services - Administration for Children and Families** | **208,139** | **2%** |
| **Total Government Contracts** | **$ 4,478,517** | **44%** |

## Note H: Concentrations (Continued)

***Support and Revenues (Continued)***

| Government Agency | 2022 Amount | 2022 Percent of Total Support and Revenues |
|---|---|---|
| Texas Health and Human Services Commission | $ 1,277,612 | $ 24% |
| Texas Office of the Governor Criminal Justice Division | 200,878 | 4% |
| Texas Department of Family and Protective Services | 2,593,383 | 48% |
| U.S. Department of Health and Human Services - Administration for Children and Families | 173,187 | 3% |
| Total Government Contracts | $ 4,245,060 | 79% |

## Note I: Net Assets

Net Assets With Donor Restrictions consisted of the following at August 31:

| | **2023** | 2022 |
|---|---|---|
| Restricted by Purpose | | |
| Substance Abuse Prevention and Counseling | **$ 5,000** | $ - |
| Salaries and Wages | **423** | - |
| Basic Needs for New Braunfels Children's Shelter and Transitional Living Program | **127,643** | 40,000 |
| Capital Campaign for New Campus Construction | **4,320,687** | 113,145 |
| Total Net Assets With Donor Restrictions | **$ 4,453,753** | $ 153,145 |

Net Assets Without Donor Restrictions – Board Designated consisted of the following at August 31:

| | **2023** | 2022 |
|---|---|---|
| Endowment Fund | **$ 96,464** | $ 89,760 |
| Total Net Assets Without Donor Restrictions - Board Designated | **$ 96,464** | $ 89,760 |

## Note J: Contributed Nonfinancial Assets

For the years ended August 31, contributed nonfinancial assets recognized within the Statement of Activities included:

| | 2023 | 2022 |
|---|---|---|
| Goods | **$ 124,706** | $ 104,199 |
| Professional Services | **114,143** | 103,457 |
| Total Contributed Nonfinancial Assets | **$ 238,849** | $ 207,656 |

***Goods***

Connections received a significant amount of donated supplies including clothing, hygiene products, and food. The supplies were provided for Connections' residential services and Transitional Living Program. Connections 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.

***Professional Services***

A substantial number of volunteers donate significant amounts of their time to Connections, and no amounts for these services are reflected in these financial statements because these services do not meet the criteria for recognition as a contribution, in accordance with GAAP. However, Connections' recording of donated professional services does meet the qualifications. The professional services were provided for Connections' residential services and Transitional Living Program. Connections estimated the fair value of professional services at the estimated fair value on current rates for similar services. The professional services did not have donor-imposed restrictions.

## Note K: Line of Credit

Connections maintains a revolving line of credit with Frost Bank in the amount of $400,000 with an original maturity date of July 11, 2025. The line of credit agreement is secured by land and buildings of Connections and bears a variable interest rate of prime plus 1.25%, which was 9.75% on August 31, 2023. As of August 31, 2023 and 2022, the line of credit balance was $0.

## Note L: Employee Retention Tax Credit

The CARES Act provides an Employee Retention Tax Credit which is a refundable tax credit against certain employment taxes per employee for eligible employers. Connections qualified for the Employee Retention Tax Credit under the CARES Act. During the fiscal year ending August 31, 2023 and 2022, Connections met the conditions to recognize this credit as a contribution and recorded **$229,485** and $438,040, respectively**,** as Employee Retention Tax Credit on the Statement of Activities.

## Note M: Commitments and Contingencies

Connections participates in several federal and state contracts which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant contracts are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Connections has not complied with the rules and regulations governing the contracts, 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 contracts; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

## Note N. Risk and Uncertainty

***Current Economic Events***

Certain current economic events have arisen which could impact Connections' ongoing operations. 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.

***Investment Risks***

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the accompanying financial statements.

## Note O: Reclassification

Certain amounts in the 2022 presentation have been reclassified to conform to the 2023 presentation. Net assets and change in net assets are unchanged due to the reclassifications.

## Note P: Subsequent Events

Subsequent events have been evaluated through February 21, 2024, which is the date the financial statements were available to be issued.

# Compliance Report

SCHRIVER CARMONA
Certified Public Accountants

7550 W IH-10, Suite 504
San Antonio, Texas 78229
Phone: 210-680-0350
Fax: 210-390-0802
www.scc-cpa.com

## 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
Connections Individual and Family Services, Inc.

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 Connections Individual and Family Services, Inc. (Connections) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023, 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 21, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Connections' 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 Connections' internal control. Accordingly, we do not express an opinion on the effectiveness of Connections' 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 Connections' 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.

Schriver, Carmona & Company, PLLC

San Antonio, Texas

February 21, 2024

SCHRIVER CARMONA
Certified Public Accountants

7550 W IH-10, Suite 504
San Antonio, Texas 78229
Phone: 210-680-0350
Fax: 210-390-0802
www.scc-cpa.com

**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 Grant Management Standards***

To the Board of Directors of
Connections Individual and Family Services, Inc.

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

We have audited Connections' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *Texas Comptroller of Public Accounts, State of Texas Grant Management Standards*, which includes the State of Texas Single Audit Circular (TXGMS) that could have a direct and material effect on each of Connections' major federal and state programs for the year ended August 31, 2023. Connections' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Connections 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 August 31, 2023.

***Basis for Opinion on Each Major Federal and State 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, 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 TXGMS. Our responsibilities under those standards, the Uniform Guidance, and the TXGMS are further described in the Auditor's Responsibilities for the Audit of Compliance Section of our report.

We are required to be independent of Connections 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 and state program. Our audit does not provide a legal determination of Connections' 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 Connections' federal and state programs.

***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 Connections' 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*, the Uniform Guidance, and the TXGMS 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 Connections' compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and the TXGMS, 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 Connections' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Connections' 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 and the TXGMS, but not for the purpose of expressing an opinion on the effectiveness of Connections' 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 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 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 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 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 or significant deficiencies in internal control over compliance may exist that were not identified.

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

Schriver, Carmona & Company, PLLC

San Antonio, Texas

February 21, 2024

## Connections Individual and Family Services, Inc.

Schedule of Expenditures of Federal and State Awards
Year Ended August 31, 2023

| Federal Grantor/Pass through Grantor/Program Title | Assistance Listing Number | Pass Through Grant ID Number | Federal Grant Expended During the Year | State Grant Expended During the Year |
|---|---|---|---|---|
| ***U.S. Department of Health and Human Services*** | | | | |
| *Pass through the Texas Department of Family Protective Services* | | | | |
| MaryLee Allen Promoting Safe and Stable Families Program | 93.556 | | | |
| Services to At-Risk-Youth (STAR) and Family Program | | 24555333 | $ 252,082 | $ - |
| Temporary Assistance for Needy Families (TANF) | 93.558 | | | |
| Residential Child Care Services | | HHS000015800107 | 118,587 | - |
| Residential Child Care Services | | HHS000015800109 | 191,039 | - |
| Pandemic Emergency Assistance Fund | | | | |
| Temporary Assistance for Needy Families (TANF) | 93.558 | 24555333 | 2,824 | - |
| Foster Care - Title IV-E | 93.658 | | | |
| Residential Child Care Services | | HHS000015800107 | 15,122 | - |
| Residential Child Care Services | | HHS000015800109 | 26,753 | - |
| Services to At-Risk-Youth (STAR) and Family Program | N/A | 24555333 | - | 996,430 |
| Residential Child Care Services | N/A | HHS000015800107 | - | 589,984 |
| Residential Child Care Services | N/A | HHS000015800109 | - | 541,637 |
| *Pass through Administration for Children and Families* | | | | |
| Basic Center Grant | 93.623 | | | |
| Basic Center Program | | 90CY7123-03-00 | 15,744 | - |
| Basic Center Program | | 90CY7438-01-00 | 192,394 | - |
| *Substance Abuse and Mental Health Services Administration* | | | | |
| *Pass through the Texas Health and Human Services Commission* | | | | |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | | | |
| Youth Prevention - Selective | | HHS000539700230 | 139,505 | 39,348 |
| Youth Prevention - Universal | | HHS000539700230 | 156,000 | 44,000 |
| Youth Prevention - Selective | | HHS000539700233 | 180,675 | 44,325 |
| Youth Prevention - Universal | | HHS000539700233 | 160,600 | 39,400 |
| Community Coalition Partnerships | | HHS000539700233 | 105,861 | 25,971 |
| Community Coalition Partnerships - COVID | | HHS000539700233 | 173,665 | - |
| Youth Prevention - Selective | | HHS000539700234 | 131,245 | 37,017 |
| ***Total U.S. Department of Health and Human Services*** | | | 1,862,096 | 2,358,112 |
| ***U.S. Department of Justice*** | | | | |
| *Pass through Texas Office of the Governor Criminal Justice Division* | | | | |
| Crime Victim Assistance | 16.575 | | | |
| Community Counseling and Shelter Support for Victim's of Crime | | 4201601 | 15,001 | - |
| Emergency Shelter Care and Counseling Support for Direct Victims | | 4201602 | 187,607 | - |
| ***Total U.S. Department of Justice*** | | | 202,608 | - |
| **TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS** | | | **$ 2,064,704** | **$ 2,358,112** |

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

## Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal and state grant activity of Connections Individual and Family Services, Inc. (Connections) under programs of the federal government and the State of Texas for the year ended August 31, 2023. 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) and the State of Texas Single Audit Circular (TXGMS).

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

All of Connections' federal and state awards were in the form of cash assistance for the year ended August 31, 2023.

## 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) Connections has elected to not use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

## 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:

| Assistance Listing Number | Name of Federal Program or Cluster |
|---|---|
| 93.959 | Block Grants for Prevention and Treatment of Substance Abuse |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs | $750,000 |
| Auditee qualified as low-risk auditee? | Yes |

## SECTION II - FINANCIAL STATEMENT FINDINGS

None

## SECTION III - FEDERAL AWARD FINDINGS

None

## Federal Awards – Summary Status of Prior Year Audit Findings
Year Ended August 31, 2023

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

## 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 the *State of Texas Single Audit Circular*? | No |

Identification of Major Programs:

| Grant ID Number | Name of State Program or Cluster |
|---|---|
| 24555333 | Services to At-Risk-Youth (STAR) and Family Program |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs | $750,000 |
| Auditee qualified as low-risk auditee? | Yes |

## SECTION II - FINANCIAL STATEMENT FINDINGS — None

## SECTION III - STATE AWARD FINDINGS — None

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