

**Women's Health and Family Planning
Association of Texas**

Financial Statements
and Independent Auditors' Report
for the year ended March 31, 2018

Women's Health and Family Planning Association of Texas

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Independent Auditors' Report

To the Board of Trustees of
Women's Health and Family Planning Association of Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of Women's Health and Family Planning Association of Texas, which comprise the statement of financial position as of March 31, 2018 and the related statements of activities, of functional expenses, and of cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Women's Health and Family Planning Association of Texas as of March 31, 2018 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.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of Women's Health and Family Planning Association of Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Women's Health and Family Planning Association of Texas's 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 Women's Health and Family Planning Association of Texas's internal control over financial reporting and compliance.

Blazek & Vetterling

December 13, 2018

Women's Health and Family Planning Association of Texas

Statement of Financial Position as of March 31, 2018

ASSETS

Cash and cash equivalents (<i>Note 2</i>)	\$	10,014
Pledges receivable (<i>Note 3</i>)		170,000
Government grants receivable		333,669
Receivable from subrecipients		50,415
Prepaid and other assets		<u>48,164</u>
TOTAL ASSETS	\$	<u>612,262</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$	236,364
Accrued salaries and related costs		42,581
Deferred government grant revenue		<u>50,415</u>
Total liabilities		<u>329,360</u>

Net assets:

Unrestricted		52,902
Temporarily restricted (<i>Note 4</i>)		<u>230,000</u>
Total net assets		<u>282,902</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u>612,262</u>
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See accompanying notes to financial statements.

Women's Health and Family Planning Association of Texas

Statement of Activities for the year ended March 31, 2018

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:			
Government grants <i>(Note 5)</i>	\$ 14,280,715		\$ 14,280,715
Contributions	29,171	\$ 240,000	269,171
Other income	<u>399</u>		<u>399</u>
Total revenue	14,310,285	240,000	14,550,285
Net assets released from restrictions:			
Program expenditures	<u>10,000</u>	<u>(10,000)</u>	
Total	<u>14,320,285</u>	<u>230,000</u>	<u>14,550,285</u>
EXPENSES:			
Program services	13,891,353		13,891,353
Management and general	433,350		433,350
Fundraising	<u>2,739</u>		<u>2,739</u>
Total expenses	<u>14,327,442</u>		<u>14,327,442</u>
CHANGES IN NET ASSETS	(7,157)	230,000	222,843
Net assets, beginning of year	<u>60,059</u>		<u>60,059</u>
Net assets, end of year	<u>\$ 52,902</u>	<u>\$ 230,000</u>	<u>\$ 282,902</u>

See accompanying notes to financial statements.

Women's Health and Family Planning Association of Texas

Statement of Functional Expenses for the year ended March 31, 2018

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL EXPENSES</u>
Grant expense	\$ 12,610,642			\$ 12,610,642
Salaries and benefits	769,254	\$ 352,454	\$ 1,264	1,122,972
Professional services	244,356	25,200		269,556
Conferences, meetings, and travel	136,349			136,349
Facilities and utilities	68,275	28,285	975	97,535
Office supplies	29,728	7,705	266	37,699
Telephone and internet	8,680	3,596	124	12,400
Board meetings and travel		11,033		11,033
Insurance	7,379	3,057	106	10,542
Other	<u>16,690</u>	<u>2,020</u>	<u>4</u>	<u>18,714</u>
Total expenses	<u>\$ 13,891,353</u>	<u>\$ 433,350</u>	<u>\$ 2,739</u>	<u>\$ 14,327,442</u>

See accompanying notes to financial statements.

Women's Health and Family Planning Association of Texas

Statement of Cash Flows for the year ended March 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ 222,843
Adjustments to reconcile changes in net assets to net cash used by operating activities:	
Changes in operating assets and liabilities:	
Pledges receivable	(170,000)
Government grants receivable	271,716
Receivable from subrecipients	925,762
Prepaid and other assets	(26,540)
Accounts payable	(406,369)
Accrued salaries and related costs	11,785
Deferred government grant revenue	<u>(925,762)</u>
Net cash used by operating activities	<u>(96,565)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(96,565)
Cash and cash equivalents, beginning of year	<u>106,579</u>
Cash and cash equivalents, end of year	<u>\$ 10,014</u>

See accompanying notes to financial statements.

Women's Health and Family Planning Association of Texas

Notes to Financial Statements for the year ended March 31, 2018

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Women's Health and Family Planning Association of Texas (WHFPT) is a nonprofit organization founded in 1977, dedicated to the idea that Texans, regardless of financial or insurance status, should have equal access to high-quality reproductive services and control of the timing and spacing of their children. In early 2013, WHFPT became the sole Title X grantee for the State of Texas.

Title X is the only program in Texas through which minors can receive confidential family planning services. Core Title X family planning services include reproductive life plan counseling (or education on pregnancy planning or prevention), contraceptive services, pregnancy testing and counseling, help achieving pregnancy, basic infertility services, HIV screening, STI testing and treatment and preconception health services. WHFPT provided funding to 28 agencies and 94 service sites during the year ended March 31, 2018.

Federal income tax status – WHFPT is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1).

Cash and cash equivalents include highly liquid investments with original maturities of three months or less.

Pledges receivable are reported at net realizable value. Amounts expected to be collected in more than one year are discounted to estimate the present value of future cash flows. An allowance for uncollectible pledges receivable is provided when it is believed pledges may not be collectible in full based on historical experience and analysis of individual pledge balances.

Government grants are recognized as revenue when the related services are provided. Amounts received in advance are reported as deferred government grant revenue.

Receivable from subrecipients – Program advances are made to subrecipients based on estimated services to be provided as stipulated in the subrecipient contracts. A receivable is reported for services not yet provided.

Net asset classification – Contributions, investment return, and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions and investment return restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted revenue. Conditional contributions are recognized in the same manner when the conditions are substantially met.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncements – In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU are aimed at providing more useful information

to users of not-for-profit financial statements. Under this ASU, net assets will be presented in two classes: *net assets with donor restrictions* and *net assets without donor restrictions* and underwater endowments will be grouped with *net assets with donor restrictions*. New or enhanced disclosures will be required about the nature and composition of net assets, and the liquidity and availability of resources for general operating expenditures within one year of the balance sheet date. Expenses will be required to be presented by both nature and function and investment return will be presented net of external and direct internal investment expenses. Absent explicit donor stipulations, restrictions on long-lived assets will expire when assets are placed in service. WHFPT is required to adopt this ASU for fiscal year 2019. Adoption of this ASU will impact the presentation and disclosures of the financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The ASU is effective for fiscal periods beginning after December 15, 2019. Management has not yet determined the impact adoption of this ASU will have on the financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at March 31, 2018 consist of the following:

Money market mutual funds	\$ 6,648
Bank deposits	<u>3,366</u>
Total cash and cash equivalents	<u>\$ 10,014</u>

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable at March 31, 2018 are expected to be collected as follows:

Receivable in less than one year	\$ 90,000
Receivable in one to five years	<u>80,000</u>
Total pledges receivable	<u>\$ 170,000</u>

Two donors contributed approximately 92% of contributions recognized during the year ended March 31, 2018 and represent 100% of the pledges receivable.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2018 consist of the following:

Time restricted	\$ 120,000
Provider toolkit for contraceptive counseling	100,000
Building provider capacity	<u>10,000</u>
Total temporarily restricted net assets	<u>\$ 230,000</u>

NOTE 5 – GOVERNMENT GRANTS

WHFPT has a government grant from the U. S. Department of Health and Human Services. This federally funded grant requires fulfillment of certain conditions as set forth in the grant contract and is subject to reviews and audits by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, the funding source may, at its discretion, request reimbursement for expenses or return of funds as a result of non-compliance by WHFPT with the terms of the contract. Management believe such disallowances, if any, would not be material to WHFPT’s financial position or the changes in net assets. Should this contract not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. At March 31, 2018, government grants revenue and receivables represent 98% of total revenue and 60% of total receivables.

NOTE 6 – LEASE COMMITMENTS

WHFPT leases office space under an operating lease. Future minimum commitments are due as follows:

2019	\$ 63,860
2020	<u>18,500</u>
Total	<u>\$ 82,360</u>

Lease expense was approximately \$96,400 in 2018.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 13, 2018, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
