

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

Financial Statements
and Single Audit Reports
for the year ended March 31, 2024

Women’s Health and Family Planning Association of Texas

Table of Contents

	Page
Independent Auditors’ Report	1
Financial Statements:	
Statements of Financial Position as of March 31, 2024 and 2023	3
Statement of Activities for the year ended March 31, 2024	4
Statement of Activities for the year ended March 31, 2023	5
Statements of Functional Expenses for the years ended March 31, 2024 and 2023	6
Statements of Cash Flows for the years ended March 31, 2024 and 2023	7
Notes to Financial Statements for the years ended March 31, 2024 and 2023	8
Supplementary Information:	
Schedule of Expenditures of Federal Awards for the year ended March 31, 2024	12
Note to Schedule of Expenditures of Federal Awards for the year ended March 31, 2024	13
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	14
Independent Auditors’ Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	16
Schedule of Findings and Questioned Costs for the year ended March 31, 2024	19
Corrective Action Plan	21
Summary Schedule of Prior Audit Findings	23

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Women's Health and Family Planning Association of Texas, which comprise the statements of financial position as of March 31, 2024 and 2023, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Women's Health and Family Planning Association of Texas as of March 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Women's Health and Family Planning Association of Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Women's Health and Family Planning Association of Texas' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 and *Government 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 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 and *Government 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 purpose of expressing an opinion on the effectiveness of Women’s Health and Family Planning Association of 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 Women’s Health and Family Planning Association of Texas’ ability to continue as a going concern for a reasonable period of time.

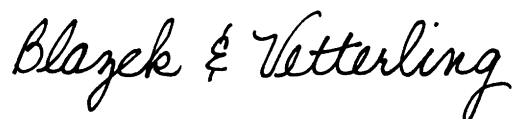
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in the schedule of expenditures of federal awards for the year ended March 31, 2024 as required by Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2024 on our consideration of Women’s Health and Family Planning Association of 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 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’ 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’ internal control over financial reporting and compliance.



September 10, 2024

Women's Health and Family Planning Association of Texas

Statements of Financial Position as of March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents <i>(Note 3)</i>	\$ 2,191,069	\$ 1,458,450
Contributions receivable:		
Government grants		49,513
Other		250
Due from subrecipients	195,804	380,341
Prepaid expenses and other assets	83,758	71,490
Operating right-of-use asset <i>(Note 4)</i>	107,025	189,646
Property and equipment	<u>39,305</u>	<u>62,887</u>
TOTAL ASSETS	<u>\$ 2,616,961</u>	<u>\$ 2,212,577</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 45,069	\$ 162,666
Accrued salaries and related costs	97,163	165,421
Payable to subrecipients	664,075	275,887
Refundable advances	803,999	59,000
Operating lease liabilities <i>(Note 4)</i>	<u>115,007</u>	<u>201,005</u>
Total liabilities	<u>1,725,313</u>	<u>863,979</u>
Net assets:		
Without donor restrictions	421,928	562,911
With donor restrictions <i>(Note 5)</i>	<u>469,720</u>	<u>785,687</u>
Total net assets	<u>891,648</u>	<u>1,348,598</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,616,961</u>	<u>\$ 2,212,577</u>

See accompanying notes to financial statements.

Women's Health and Family Planning Association of Texas

Statement of Activities for the year ended March 31, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grant <i>(Note 6)</i>		\$ 15,400,000	\$ 15,400,000
Other	\$ 51,870	193,388	245,258
Other income	<u>53,184</u>	<u> </u>	<u>53,184</u>
Total revenue	105,054	15,593,388	15,698,442
Net assets released from restrictions:			
Program expenditures	15,781,646	(15,781,646)	
Expiration of time restrictions	<u>127,709</u>	<u>(127,709)</u>	<u> </u>
Total	<u>16,014,409</u>	<u>(315,967)</u>	<u>15,698,442</u>
EXPENSES:			
Program services	15,063,255		15,063,255
Management and general	1,073,533		1,073,533
Fundraising	<u>18,604</u>	<u> </u>	<u>18,604</u>
Total expenses	<u>16,155,392</u>	<u> </u>	<u>16,155,392</u>
CHANGES IN NET ASSETS	(140,983)	(315,967)	(456,950)
Net assets, beginning of year	<u>562,911</u>	<u>785,687</u>	<u>1,348,598</u>
Net assets, end of year	<u>\$ 421,928</u>	<u>\$ 469,720</u>	<u>\$ 891,648</u>

See accompanying notes to financial statements.

Women's Health and Family Planning Association of Texas

Statement of Activities for the year ended March 31, 2023

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions:			
Government grant <i>(Note 6)</i>		\$ 15,400,000	\$ 15,400,000
Other	\$ 67,145	530,000	597,145
Other income	<u>6,192</u>	<u> </u>	<u>6,192</u>
Total revenue	73,337	15,930,000	16,003,337
Net assets released from restrictions:			
Program expenditures	16,147,794	(16,147,794)	
Expiration of time restrictions	<u>95,000</u>	<u>(95,000)</u>	
Total	<u>16,316,131</u>	<u>(312,794)</u>	<u>16,003,337</u>
EXPENSES:			
Program services	15,317,879		15,317,879
Management and general	1,039,519		1,039,519
Fundraising	<u>41,428</u>		<u>41,428</u>
Total expenses	<u>16,398,826</u>		<u>16,398,826</u>
CHANGES IN NET ASSETS	(82,695)	(312,794)	(395,489)
Net assets, beginning of year	<u>645,606</u>	<u>1,098,481</u>	<u>1,744,087</u>
Net assets, end of year	<u>\$ 562,911</u>	<u>\$ 785,687</u>	<u>\$ 1,348,598</u>

See accompanying notes to financial statements.

Women’s Health and Family Planning Association of Texas

Statements of Functional Expenses for the years ended March 31, 2024 and 2023

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2024 TOTAL
Grants to subrecipients	\$ 12,217,448			\$ 12,217,448
Salaries and benefits	1,847,950	\$ 764,256	\$ 10,432	2,622,638
Professional services	522,946	152,696		675,642
Conferences, meetings, and travel	226,991	21,717	1,423	250,131
Supplies	102,819	51,845	6,541	161,205
Facilities and utilities	79,651	31,413		111,064
Insurance	28,903	11,813		40,716
Board meetings and travel		8,520		8,520
Telephone and internet		6,665		6,665
Other	<u>36,547</u>	<u>24,608</u>	<u>208</u>	<u>61,363</u>
Total expenses	<u>\$ 15,063,255</u>	<u>\$ 1,073,533</u>	<u>\$ 18,604</u>	<u>\$ 16,155,392</u>

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2023 TOTAL
Grants to subrecipients	\$ 11,703,882			\$ 11,703,882
Salaries and benefits	1,884,807	\$ 735,519	\$ 32,108	2,652,434
Professional services	1,217,818	146,695		1,364,513
Conferences, meetings, and travel	161,892	21,857	2,541	186,290
Supplies	145,571	61,882	6,048	213,501
Facilities and utilities	85,138	27,343		112,481
Insurance	29,459	9,223		38,682
Board meetings and travel		7,649		7,649
Telephone and internet		9,936		9,936
Other	<u>89,312</u>	<u>19,415</u>	<u>731</u>	<u>109,458</u>
Total expenses	<u>\$ 15,317,879</u>	<u>\$ 1,039,519</u>	<u>\$ 41,428</u>	<u>\$ 16,398,826</u>

See accompanying notes to financial statements.

Women's Health and Family Planning Association of Texas

Statements of Cash Flows for the years ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (456,950)	\$ (395,489)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Amortization of right-of-use asset	82,621	80,125
Depreciation	23,582	23,583
Changes in operating assets and liabilities:		
Contributions receivable	49,763	1,207,368
Due from subrecipients	184,537	(350,976)
Prepaid expenses and other assets	(12,268)	40,216
Accounts payable and accrued expenses	(117,597)	(101,356)
Accrued salaries and related costs	(68,258)	(57,745)
Payable to subrecipients	388,188	(590,890)
Refundable advances	744,999	59,000
Operating lease liability	<u>(85,998)</u>	<u>(80,846)</u>
Net cash provided (used) by operating activities	<u>732,619</u>	<u>(167,010)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	732,619	(167,010)
Cash and cash equivalents, beginning of year	<u>1,458,450</u>	<u>1,625,460</u>
Cash and cash equivalents, end of year	<u>\$ 2,191,069</u>	<u>\$ 1,458,450</u>

See accompanying notes to financial statements.

Women's Health and Family Planning Association of Texas

Notes to Financial Statements for the years ended March 31, 2024 and 2023

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 largest Title X grantee for the State of Texas.

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 31 agencies and 158 service sites during the year ended March 31, 2024.

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.

Contributions receivable that are expected to be collected within one year 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, if material. Discounts are computed using risk-free interest rates applicable to the years in which the contributions are recognized. Amortization of discounts is included in contribution revenue. An allowance for uncollectible contributions receivable is provided when it is believed balances may not be collected in full. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and donor-by-donor analysis of balances.

Subrecipient advances and due from subrecipients – Program advances are made to subrecipients based on estimated services to be provided as stipulated in the subrecipient contracts and are reported as subrecipient advances. Grants to subrecipients are recognized as expense when services are provided and allowable costs are incurred. A receivable is reported for subrecipients who are determined to be underperforming.

Operating right-of-use asset – An operating right-of-use asset is recognized at the present value of the lease payments at inception of the lease. Lease expense is recognized on a straight-line basis as rent expense in the statement of activities.

Property and equipment consists of WHFPT's capitalizable website costs and is reported at cost if purchased and at fair value at the date of gift if donated. Depreciation is computed on a straight-line basis over the estimated useful life of 5 years. WHFPT capitalizes additions and improvements to property and equipment that have a tangible future economic life of more than one year and a cost of more than \$5,000.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions and grants are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions and grants received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before WHFPT is entitled to receive or retain funding. Conditional contributions are recognized in the same manner when the conditions have been met. Funding received before conditions are met is reported as refundable advances. At March 31, 2024, conditional non-government grant contributions of \$2,384,999 have not been recognized because the conditions on which they depend have not been met.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of time and effort expended.

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.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of March 31 comprise the following:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 2,191,069	\$ 1,458,450
Contributions receivable		49,763
Expected cash payments due from subrecipients	<u>84,650</u>	<u>380,341</u>
Total financial assets	2,275,719	1,888,554
Less financial assets not available for general expenditure:		
Donor-restricted assets subject to satisfaction of restriction and the passage of time	<u>(50,133)</u>	<u>(245,027)</u>
Total financial assets available for general expenditure	<u>\$ 2,225,586</u>	<u>\$ 1,643,527</u>

As part of WHFPT’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, WHFPT considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

WHFPT is substantially supported by Title X, a federal grant from the U. S. Department of Health and Human Services (DHHS). The third year of the award with a budget period of April 1, 2024 through March 31, 2025 is expected to be approximately \$15,300,000. Revenue from this conditional contribution will be recognized as allowable expenses are incurred.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2024</u>	<u>2023</u>
Money market mutual funds	\$ 11,184	\$ 10,651
Bank deposits	<u>2,179,885</u>	<u>1,447,799</u>
Total cash and cash equivalents	<u>\$ 2,191,069</u>	<u>\$ 1,458,450</u>

Cash deposits exceed the federally insured limit per depositor per institution.

NOTE 4 – OPERATING LEASES

Facility lease costs recognized during the years ended March 31, 2024 and 2023 totaled \$87,480. During the years ended March 31, 2024 and 2023, cash paid for amounts included in the measurement of operating lease liabilities totaled \$90,858 and \$88,201, respectively.

Undiscounted cash flows related to operating facility leases as of March 31, 2024 are as follows:

2025	\$ 93,587
2026	<u>23,745</u>
Total minimum lease payments	117,332
Less present value discount at approximately 3%	<u>(2,325)</u>
Total discount present value of lease liabilities	<u>\$ 115,007</u>

The weighted-average lease term and discount rates are as follows:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term	15 months	27 months
Weighted-average discount rate	3%	3%

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purpose:		
Emergency contraceptives	\$ 223,965	\$ 245,027
Racial equity in family planning	91,003	103,413
Innovative strategies to reduce unintended pregnancy in Central Texas	80,134	130,405
Expansion of access to reproductive health services		131,842
Other	<u>27,327</u>	
Total subject to expenditure for specified purpose	422,429	610,687
Subject to passage of time:		
For operations of the year ending March 31, 2025	<u>47,291</u>	<u>175,000</u>
Total net assets with donor restrictions	<u>\$ 469,720</u>	<u>\$ 785,687</u>

NOTE 6 – GOVERNMENT GRANT

WHFPT's government grant is from DHHS. 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 agency. 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 believes such disallowances, if any, would not be material to WHFPT's financial position or 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.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 10, 2024, 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.

Women’s Health and Family Planning Association of Texas

Schedule of Expenditures of Federal Awards for the year ended March 31, 2024

<u>Federal Grantor</u> <u>Program Title & Period</u>	<u>Assistance</u> <u>Listing</u> <u>Number</u>	<u>Contract</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>Subrecipient</u> <u>Expenditures</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct funding:				
Family Planning Services				
#1 04/01/23 – 03/31/24	93.217	FPHPA006521-02-00	\$ 15,400,000	\$ 12,183,015
TOTAL FEDERAL AWARDS			\$ 15,400,000	\$ 12,183,015

See accompanying note to schedule of expenditures of federal awards.

Women's Health and Family Planning Association of Texas

Note to Schedule of Expenditures of Federal Awards for the year ended March 31, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – The schedule of expenditures of federal awards (the schedule) is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Federal expenditures include allowable costs funded by federal grants. Allowable costs are subject to the cost principles of the Uniform Guidance and include costs that are recognized as expenses in WHFPT's financial statements in conformity with generally accepted accounting principles. WHFPT has elected not to use the 10% de minimus rate for indirect costs and does not charge indirect costs to the award.

In accordance with §200.516 of the Uniform Guidance, payments to subrecipients are reported in the schedule when distributed as agreed to through contracts with subrecipients. Annually, WHFPT reconciles actual performance provided by subrecipients to the estimated services stipulated in the subrecipient contracts. Underperformance by subrecipients is reported as *Due from subrecipients*; the *Due from subrecipients* is settled either by cash payment from the subrecipient or by subrecipient provision of services in the next contract cycle. WHFPT also may settle with overperformers who exceeded the estimated health services by agreeing to additional distributions to be made either from (1) funds collected from underperformers or (2) additional original grant funding available. Such amounts are reported as *Due to subrecipients*. Payments to overperformers that are disbursed from amounts received from underperformers are not included again as expenditures of federal awards as they were included at the time of initial disbursement.

Because the schedule presents only a selected portion of the operations of WHFPT, it is not intended to and does not present the financial position, changes in net assets, or cash flows of WHFPT.

**Independent Auditors' 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 Trustees of
Women's Health and Family Planning Association of Texas:

We have audited, 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, the financial statements of Women's Health and Family Planning Association of Texas (WHFPT), which comprise the statement of financial position as of March 31, 2024 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, and have issued our report thereon dated September 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item #2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

WHFPT's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on WHFPT's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. WHFPT's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blazek & Vetterling

September 10, 2024

Independent Auditors' Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Women's Health and Family Planning Associations of Texas' (WHFPT) compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on WHFPT's major federal program for the year ended March 31, 2024. WHFPT's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, WHFPT complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2024.

Basis for Opinion on the 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 *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of WHFPT and to meet our other 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 the major federal program. Our audit does not provide a legal determination of WHFPT's 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 WHFPT's federal program.

Auditors' 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 WHFPT's 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 WHFPT's compliance with the requirements of the 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 WHFPT's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of WHFPT's 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 WHFPT's 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item #2024-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on WHFPT's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. WHFPT's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #2024-002 to be a material weakness.

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 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.

Government Auditing Standards requires the auditor to perform limited procedures on WHFPT's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. WHFPT's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Blazek & Vetterling

September 10, 2024

Women’s Health and Family Planning Association of Texas

Schedule of Findings and Questioned Costs for the year ended March 31, 2024

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: unmodified qualified adverse disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to the financial statements noted? yes no

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditors’ report issued on compliance for the major program: unmodified qualified adverse disclaimer

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? yes no

Identification of major program:

Assistance Listing Number(s) Name of Program or Cluster

93.217 Family Planning Services

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee? yes no

Section II – Financial Statement Findings

Finding #2024-001 – Material Weakness

Criteria: Management is responsible for establishing and maintaining an effective system of internal control which includes financial reporting policies and procedures sufficient to prepare financial statements in accordance with generally accepted accounting principles (GAAP). Without an effective system of controls, errors in financial reporting or misappropriations of assets could occur and not be identified and corrected in a timely manner.

Condition and context: WHFPT had a transition in management and accounting personnel during the year ended March 31, 2024. The former personnel were not available for training or consultation to assist with the transition. Adjustments to expenses and contributions were required to properly state financial statements in accordance with GAAP. The current year change in net assets was decreased by \$1,005,387 as a result of the adjustments.

Cause and effect: WHFPT’s policies and procedures were not sufficient to ensure that expenses and contributions were recognized in accordance with GAAP. Current year conditional grants were recognized on an advance payment based on the amount received rather than on provision of services and allowable costs. Additionally, subrecipient allocations for under and over performers were not properly recognized.

Recommendation: Policies and procedures should be designed and implemented to ensure that transactions are properly recognized.

Views of responsible officials and planned corrective actions: Management agrees with the finding. See Corrective Action Plan.

Section III – Federal Award Findings and Questioned Costs

Finding #2024-002 – Material Weakness and Other Noncompliance

Applicable federal program:

U. S. Department of Health and Human Services
Family Planning Services
Assistance Listing #93.217
Contract Number: FPHPA006521-02-00
Contract Year: 04/01/23 – 03/31/24

Criteria: Reporting – Management of WHFPT is responsible for establishing and maintaining an effective system of internal control over government grant reporting to ensure all costs are reported in the correct period and that government grant revenue is properly reflected in the financial statements in accordance with generally accepted accounting principles.

Condition and context: The finding reported as finding #2024-001 includes adjustments for the year ended March 31, 2024 to increase federal expenditures by \$220,388.

Cause and effect: See finding #2024-001.

Questioned costs: None

Recommendation: See finding #2024-001.

Views of responsible officers and planned corrective actions: Management agrees with the finding. See Corrective Action Plan.



CORRECTIVE ACTION PLAN

September 10, 2024

U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Women's Health and Family Planning Association of Texas respectfully submits the following corrective action plan for the year ended March 31, 2024. The audit was performed by: Blazek & Vetterling, 2900 Wesleyan, Suite 200, Houston, Texas, 77027.

The finding from the March 31, 2024 schedule of findings and questioned costs is discussed below.

FINDINGS – FINANCIAL STATEMENT AND FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding #2024-001 – Material Weakness

Condition and context: WHFPT had a transition in management and accounting personnel during the year ended March 31, 2024. The former personnel were not available for training or consultation to assist with the transition. Adjustments to expenses and contributions were required to properly state financial statements in accordance with GAAP. The current year change in net assets was decreased by \$1,005,387 as a result of the adjustments.

Recommendation: Policies and procedures should be designed and implemented to ensure that transactions are properly recognized.

Planned corrective action: WHFPT will strengthen its policies and procedures to ensure federal expenditures resulting from the subrecipient reconciliation process are correctly recorded. We will also strengthen the procedures related to non-federal contribution agreements to ensure conditional language is identified, when applicable, and such contributions are properly recognized as the conditions are met.

Responsible officer: Kathie Nixon, CEO

Estimated completion date: October 31, 2024

Finding #2024-002 – Material Weakness and Other Noncompliance

Applicable federal program:

U. S. Department of Health and Human Services
Family Planning Services
Assistance Listing #93.217
Contract Number: FPHPA006521-02-00
Contract Year: 04/01/23 – 03/31/24

Condition and context: The finding reported as finding #2024-001 includes adjustments for the year ended March 31, 2024 to increase federal expenditures by \$220,388.

Recommendation: See finding #2024-001.

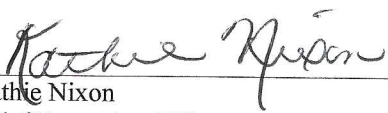
Planned corrective action: WHFPT will strengthen its policies and procedures by documenting the subrecipient reconciliation process in greater detail and will add a requirement for additional reviews.

Responsible officer: Kathie Nixon, CEO

Estimated completion date: October 31, 2024

If the U. S. Department of Health and Human Services has questions regarding this plan, please call Kathie Nixon at (512) 448-4857.

Sincerely,



Kathie Nixon
Chief Executive Officer



Summary Schedule of Prior Audit Findings

The following audit finding for the year ended March 31, 2023, is required to be reported in accordance with 2 CFR §200.511.

Finding #2023-001 – Significant Deficiency and Other Noncompliance

Condition and context: Of the four subrecipients tested, we found that WHFPT did not obtain and review the Single Audit reports for one subrecipient.

Recommendation: Implement policies to obtain the single audit reports for all subrecipients to ensure compliance with federal requirements and, where findings are reported, ensure that the subrecipient has taken appropriate actions to remedy the finding.

Planned corrective action plan: The Finance Compliance Department will request the single audit for each subrecipient in January of each calendar year for the purpose of identifying any single audit findings that required monitoring of federal grant monies. Any identified items from a single audit will be added to the Finance Compliance Department's monitoring activities for the year. If a subrecipient fails to submit their single audit report within 30 days of the request, the Finance Compliance Department will retrieve the single audit report from the Federal Clearinghouse.

Management's 2024 follow-up response: Completed.