

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

Financial Statements
and Single Audit Reports
for the year ended March 31, 2019

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 statements of financial position as of March 31, 2019 and 2018 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.

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 audits. 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. Those standards require that we plan and perform our audits 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, 2019 and 2018 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.

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, Women's Health and Family Planning Association of Texas adopted the amendments of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended March 31, 2019. These amendments have been applied on a retrospective basis to the financial statements as of and for the year ended March 31, 2018, except that certain information has been omitted as permitted by the ASU. Our opinion is not modified with respect to this matter.

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, 2019 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 October 16, 2019 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.



October 16, 2019

Women's Health and Family Planning Association of Texas

Statements of Financial Position as of March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents (<i>Note 4</i>)	\$ 396,790	\$ 10,014
Contributions receivable (<i>Note 5</i>)	980,000	170,000
Government grants receivable (<i>Note 7</i>)	1,662,800	333,669
Receivable from subrecipients	82,706	50,415
Prepaid and other assets	<u>14,481</u>	<u>48,164</u>
 TOTAL ASSETS	 <u>\$ 3,136,777</u>	 <u>\$ 612,262</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 78,622	\$ 45,298
Accrued salaries and related costs	106,067	42,581
Payable to subrecipient	1,611,078	191,066
Deferred government grant revenue	<u> </u>	<u>50,415</u>
Total liabilities	<u>1,795,767</u>	<u>329,360</u>
Net assets:		
Without donor restrictions	82,177	52,902
With donor restrictions (<i>Note 6</i>)	<u>1,258,833</u>	<u>230,000</u>
Total net assets	<u>1,341,010</u>	<u>282,902</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,136,777</u>	 <u>\$ 612,262</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, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Government grants <i>(Note 7)</i>	\$ 15,836,492		\$ 15,836,492
Contributions	47,858	\$ 1,220,000	1,267,858
Other income	<u>343</u>		<u>343</u>
Total revenue	15,884,693	1,220,000	17,104,693
Net assets released from restrictions:			
Program expenditures	151,167	(151,167)	
Expiration of time restrictions	<u>40,000</u>	<u>(40,000)</u>	
Total	<u>16,075,860</u>	<u>1,028,833</u>	<u>17,104,693</u>
EXPENSES:			
Program services	15,428,635		15,428,635
Management and general	608,678		608,678
Fundraising	<u>9,272</u>		<u>9,272</u>
Total expenses	<u>16,046,585</u>		<u>16,046,585</u>
CHANGES IN NET ASSETS	29,275	1,028,833	1,058,108
Net assets, beginning of year	<u>52,902</u>	<u>230,000</u>	<u>282,902</u>
Net assets, end of year	<u>\$ 82,177</u>	<u>\$ 1,258,833</u>	<u>\$ 1,341,010</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, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Government grants	\$ 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

Statements of Functional Expenses for the years ended March 31, 2019 and 2018

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2019 TOTAL
Grant expense	\$ 14,194,574			\$ 14,194,574
Salaries and benefits	648,484	\$ 451,686	\$ 8,392	1,108,562
Professional services	356,651	47,814	98	404,563
Conferences, meetings, and travel	127,474	15,238		142,712
Facilities and utilities	48,116	27,184	376	75,676
Office supplies	29,435	29,310	116	58,861
Board meetings and travel		15,526		15,526
Insurance	7,574	4,201	59	11,834
Telephone and internet	7,556	4,191	59	11,806
Other	8,771	13,528	172	22,471
Total expenses	<u>\$ 15,428,635</u>	<u>\$ 608,678</u>	<u>\$ 9,272</u>	<u>\$ 16,046,585</u>

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2018 TOTAL
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
Board meetings and travel		11,033		11,033
Insurance	7,379	3,057	106	10,542
Telephone and internet	8,680	3,596	124	12,400
Other	16,690	2,020	4	18,714
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

Statements of Cash Flows for the years ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 1,058,108	\$ 222,843
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Changes in operating assets and liabilities:		
Contributions receivable	(810,000)	(170,000)
Government grants receivable	(1,329,131)	271,716
Receivable from subrecipients	(32,291)	925,762
Prepaid and other assets	33,683	(26,540)
Accounts payable and payable to subrecipient	1,453,336	(406,369)
Accrued salaries and related costs	63,486	11,785
Deferred government grant revenue	<u>(50,415)</u>	<u>(925,762)</u>
Net cash provided (used) by operating activities	<u>386,776</u>	<u>(96,565)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	386,776	(96,565)
Cash and cash equivalents, beginning of year	<u>10,014</u>	<u>106,579</u>
Cash and cash equivalents, end of year	<u>\$ 396,790</u>	<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 years ended March 31, 2019 and 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 36 agencies and 120 service sites during the year ended March 31, 2019.

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

Contributions 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 contributions receivable is provided when it is believed contributions may not be collected in full based on historical experience and analysis of individual contribution balances.

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 – 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 are recognized at fair value when an unconditional commitment is received from the donor. Conditional contributions are recognized in the same manner when the conditions are substantially met.

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

Functional allocation of expenses – Expenses are reported by their functional classification as program services or supporting activities. 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 program or supporting 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.

Recent financial accounting pronouncements – In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction and provide additional guidance on determining whether a contribution is conditional or unconditional. This ASU could impact the timing of revenue recognition and the financial statement disclosures related to such transactions. WHFPT is required to apply the amendments in its fiscal year 2020 financial statements. The amendments should be applied on a modified prospective basis, but retrospective application also is permitted. Management does not believe this ASU will have a significant impact on 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 WHFPT's fiscal year 2021. Management has not yet determined the impact adoption of this ASU will have on the financial statements.

NOTE 2 – ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

WHFPT adopted the amendments of ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended March 31, 2019. These amendments have been applied on a retrospective basis to the financial statements for the year ended March 31, 2018, except that information regarding liquidity and availability of resources has been omitted as permitted by the ASU. Adoption of this ASU resulted in reclassification of previously reported activities and net assets to conform to the 2019 presentation but had no impact on total net assets or total changes in net assets for 2018.

NOTE 3 – 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, 2019 comprise the following:

Financial assets at March 31, 2019:	
Cash and cash equivalents	\$ 396,790
Contributions receivable	980,000
Government grants receivable	1,662,800
Receivable from subrecipients	<u>82,706</u>
Total financial assets	3,122,296
Less financial assets not available for general expenditure:	
Donor-restricted assets subject to satisfaction of restriction and the passage of time	<u>40,000</u>
Total financial assets available for general expenditure	<u><u>\$ 3,082,296</u></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). DHHS issued a notice of award for the project period April 1, 2019 through March 31, 2022, awarding \$15.82 million to WHFPT for year 1 of the project and recommending a total of \$28.84 million for years 2 and 3.

NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	<u>2019</u>	<u>2018</u>
Money market mutual funds	\$ 8,095	\$ 6,648
Bank deposits	<u>388,695</u>	<u>3,366</u>
Total cash and cash equivalents	<u>\$ 396,790</u>	<u>\$ 10,014</u>

NOTE 5 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at March 31, 2019 are expected to be collected as follows:

Receivable in less than one year	\$ 940,000
Receivable in one to five years	<u>40,000</u>
Total contributions receivable	<u>\$ 980,000</u>

Two donors contributed approximately 95% of contributions recognized during the year ended March 31, 2019 and represent 100% of the contributions receivable.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Innovative strategies to reduce unintended pregnancy in Central Texas	\$ 900,000	
Building provider and community-based clinics’ capacity	250,222	\$ 10,000
Provider toolkit for contraceptive counseling in Central Texas	18,611	100,000
Policy initiatives	<u>10,000</u>	<u> </u>
Total subject to expenditure for specified purpose	1,178,833	110,000
Subject to passage of time:		
Contributions receivable that are not restricted by donors but which are unavailable for expenditures until due	<u>80,000</u>	<u>120,000</u>
Total net assets with donor restrictions	<u>\$ 1,258,833</u>	<u>\$ 230,000</u>

NOTE 7 – GOVERNMENT GRANTS

WHFPT's government grant is 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 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, 2019 and 2018, government grants revenue and receivables represent 93% and 98% of total revenue and 61% and 60% of total receivables, respectively.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2019, 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, 2019

<u>Federal Grantor</u> <u>Program Title & Period</u>	<u>CFDA</u> <u>Number</u>	<u>Contract</u> <u>Number</u>	<u>Award</u> <u>Amount</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 04/01/15 – 08/31/18	93.217	4FPHPA066196-03-07	\$20,159,000	\$ 5,836,492	\$ 5,226,218
#2 09/01/18 – 03/31/19	93.217	1FPHPA006394-01-00	\$10,000,000	<u>10,000,000</u>	<u>8,968,356</u>
TOTAL FEDERAL AWARDS				<u>\$ 15,836,492</u>	<u>\$ 14,194,574</u>

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, 2019

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.

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 Subrecipient; the Due from Subrecipient 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 Subrecipient. 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 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 Women's Health and Family Planning Association of Texas (WHFPT), which comprise the statement of financial position as of March 31, 2019 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 October 16, 2019.

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) 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 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.

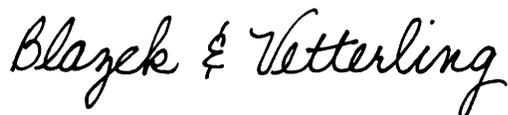
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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 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*.

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 WHFPT'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.



October 16, 2019

**Independent Auditors' Report on Compliance for the
Major 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

We have audited Women's Health and Family Planning Association of Texas's (WHFPT) compliance with the types of compliance requirements described 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, 2019. WHFPT's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of WHFPT's compliance.

Opinion on Major Federal Program

In our opinion, WHFPT complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2019.

Report on Internal Control Over Compliance

Management of WHFPT is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered WHFPT's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of WHFPT's internal control over compliance.

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

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

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

Blazek & Vetterling

October 16, 2019

Women's Health and Family Planning Association of Texas

Schedule of Findings and Questioned Costs for the year ended March 31, 2019

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 major programs: 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:

<u>CFDA Number(s)</u>	<u>Name of Program or Cluster</u>
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

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

Section III – Federal Award Findings and Questioned Costs

There were no findings for federal awards required to be reported in accordance with 2 CFR §200.516(a).



Summary Schedule of Prior Audit Findings

The following audit finding for the year ended March 31, 2018 is required to be reported in accordance with 2 CFR §200.511.

Section III – Federal Award Findings and Questioned Costs

Finding #2018-001 – Significant Deficiency and Other Noncompliance

Applicable federal program:

U. S. Department of Health and Human Services
Family Planning Services (Title X)
CFDA #93.217
Contract Number: 5FPHA066196-03-07
Contract Year: 04/01/17 – 08/31/18

Condition and context: During fiscal years 2017 and 2018, WHFPT strengthened their subrecipient monitoring policies and procedures by developing new policies for monitoring programmatic and financial management of their subrecipients. However, although subrecipient programmatic monitoring and some financial monitoring was performed during the 2017/2018 fiscal year, the financial management tool established by WHFPT to ensure financial compliance was not yet fully implemented.

Recommendation: Implement policies over financial monitoring of subrecipients to ensure compliance with federal requirements.

Views of responsible officials and planned corrective actions: The financial management tool was developed during the fiscal year ending March 31, 2018 and was piloted during the cost extension period (April 1, 2018 – August 31, 2018) of the Title X Project (FPHA066196), which was reported to the funding agency in periodic programmatic reports. All subrecipients will be required to complete the financial management tool during the fiscal year ending March 31, 2019, as a part of the Title X Project (FPHA006394), and a combination of desk reviews and site visits will be used to monitor financial management of subrecipients.

Management's 2019 follow-up response: Corrective action was taken. This finding has been resolved.