

Women in Need of Generous Support

Financial Report

June 30, 2020

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Independent Auditor's Report

To the Board of Directors of
Women in Need of Generous Support
Dallas Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Women in Need of Generous Support (the Organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and 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.

Auditor's 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 the 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 auditor's 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 the Organization as of June 30, 2020 and 2019, 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.

The Board of Directors of
Women in Need of Generous Support

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the audit 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)*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020, on our consideration of Women in Need of Generous Support'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Women in Need of Generous Support's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 23, 2020

Women in Need of Generous Support

Statements of Financial Position

June 30, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 755,636	\$ 491,270
Government grants receivable	227,643	104,471
Pledges receivable	42,000	107,588
Other assets	29,304	67,132
Total current assets	1,054,583	770,461
PROPERTY AND EQUIPMENT, NET	2,141,044	2,321,484
Total assets	\$ 3,195,627	\$ 3,091,945
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 14,556	\$ 42,158
Accrued expenses	260,713	254,132
Refundable advance	506,400	-
Current portion of deferred rent	9,836	9,836
Current portion of note payable	153,797	1,283,325
Total current liabilities	945,302	1,589,451
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	163,778	178,956
Note payable, net of current portion	218,107	-
Total long-term liabilities	381,885	178,956
Total liabilities	1,327,187	1,768,407
NET ASSETS		
Without donor restriction	1,489,403	1,177,340
With donor restriction	379,037	146,198
Total net assets	1,868,440	1,323,538
TOTAL LIABILITIES AND NET ASSETS	\$ 3,195,627	\$ 3,091,945

The Notes to Financial Statements are an integral part of these statements.

Women in Need of Generous Support

Statement of Activities For the Year Ended June 30, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUES AND SUPPORT			
Government grants	\$ -	\$ 1,422,184	\$ 1,422,184
Contributions	562,226	2,268,956	2,831,182
In-kind contributions	1,388	-	1,388
Interest income	19	-	19
Other income	8,484	-	8,484
	<u>572,117</u>	<u>3,691,140</u>	<u>4,263,257</u>
Net assets released from restrictions			
Finance and Career	612,881	(612,881)	-
Nurse-Family Partnership	1,738,076	(1,738,076)	-
Capital Gifts	900,000	(900,000)	-
Women's Enterprise Center	207,344	(207,344)	-
	<u>3,458,301</u>	<u>(3,458,301)</u>	<u>-</u>
Total revenues and support	4,030,418	232,839	4,263,257
EXPENSES			
Program services	3,112,059	-	3,112,059
Supporting services	286,940	-	286,940
Fundraising	319,356	-	319,356
	<u>3,718,355</u>	<u>-</u>	<u>3,718,355</u>
Increase in net assets	312,063	232,839	544,902
NET ASSETS, beginning of year	<u>1,177,340</u>	<u>146,198</u>	<u>1,323,538</u>
NET ASSETS, end of year	<u>\$ 1,489,403</u>	<u>\$ 379,037</u>	<u>\$ 1,868,440</u>

The Notes to the Financial Statements are an integral part of this statement.

Women in Need of Generous Support

Statement of Activities For the Year Ended June 30, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUES AND SUPPORT			
Government grants	\$ -	\$ 1,406,801	\$ 1,406,801
Contributions	1,320,717	1,156,763	2,477,480
In-kind contributions	3,113	-	3,113
Interest income	3,907	-	3,907
	<u>1,327,737</u>	<u>2,563,564</u>	<u>3,891,301</u>
Net assets released from restrictions			
Finance and Career	823,160	(823,160)	-
Nurse-Family Partnership	1,841,887	(1,841,887)	-
Women's Enterprise Center	203,125	(203,125)	-
Administration	100,000	(100,000)	-
	<u>2,968,172</u>	<u>(2,968,172)</u>	<u>-</u>
Total revenues and support	4,295,909	(404,608)	3,891,301
EXPENSES			
Program services	3,502,390	-	3,502,390
Supporting services	322,911	-	322,911
Fundraising	401,731	-	401,731
	<u>4,227,032</u>	<u>-</u>	<u>4,227,032</u>
Total expenses	4,227,032	-	4,227,032
Incras (decrease) in net assets	68,877	(404,608)	(335,731)
NET ASSETS, beginning of year	<u>1,108,463</u>	<u>550,806</u>	<u>1,659,269</u>
NET ASSETS, end of year	<u>\$ 1,177,340</u>	<u>\$ 146,198</u>	<u>\$ 1,323,538</u>

The Notes to the Financial Statements are an integral part of this statement.

Women in Need of Generous Support

Statement of Functional Expenses

For The Year Ended June 30, 2020

	<u>Program</u>	<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>
Conferences and seminars	\$ 3,614	\$ 96	\$ 239	\$ 3,949
Depreciation and amortization	142,810	25,523	12,107	180,440
Equipment and software	4,180	6,767	187	11,134
Fees and licenses	3,741	5,046	4,756	13,543
Insurance	29,619	3,839	1,731	35,189
Marketing and advertising	5,666	825	362	6,853
Membership and dues	403	2,909	206	3,518
Occupancy and security	41,665	7,331	3,539	52,535
Other expenses	-	55	-	55
Other program expenses	25,063	-	92	25,155
Payroll and related	2,365,510	77,444	152,001	2,594,955
Postage and delivery	648	352	317	1,317
Professional fees	95,566	13,128	98,588	207,282
Recruitment	962	52,357	894	54,213
Rent expense	267,912	45,765	22,473	336,150
Repairs and maintenance	13,601	2,434	1,159	17,194
Special events and food	1,105	1,392	12,111	14,608
Supplies	6,323	702	191	7,216
Telephone	30,853	6,158	3,268	40,279
Transportation	34,525	-	227	34,752
Travel	4,038	-	-	4,038
Bad debt expense	-	-	2,000	2,000
Interest expense	-	29,022	-	29,022
Impairment expense	34,255	5,795	2,908	42,958
	<u>\$ 3,112,059</u>	<u>\$ 286,940</u>	<u>\$ 319,356</u>	<u>\$ 3,718,355</u>

The Notes to the Financial Statements are an integral part of this statement.

Women in Need of Generous Support

Statement of Functional Expenses

For The Year Ended June 30, 2019

	<u>Program</u>	<u>Supporting</u>	<u>Fundraising</u>	<u>Total</u>
Conferences and seminars	\$ 8,774	\$ 2,390	\$ 69	\$ 11,233
Depreciation and amortization	157,493	31,632	13,371	202,496
Equipment and software	49,882	13,313	1,933	65,128
Fees and licenses	3,698	4,734	7,449	15,881
IDA program expense	93,515	-	-	93,515
Insurance	28,200	3,655	1,648	33,503
Marketing and advertising	15,469	909	5,278	21,656
Membership and dues	1,790	1,380	1,207	4,377
Occupancy and security	45,263	7,720	3,811	56,794
Other expenses	-	690	96	786
Other program expenses	23,658	-	-	23,658
Payroll and related	2,518,543	95,870	175,375	2,789,788
Postage and delivery	705	464	457	1,626
Professional fees	136,341	42,956	134,179	313,476
Recruitment	7,496	454	231	8,181
Rent expense	266,196	44,158	22,156	332,510
Repairs and maintenance	27,277	4,595	2,295	34,167
Special events and food	5,086	2,450	23,391	30,927
Supplies	8,940	3,049	128	12,117
Telephone	42,429	3,762	1,869	48,060
Transportation	49,632	186	260	50,078
Travel	12,003	2,929	78	15,010
Bad debt expense	-	-	6,450	6,450
Interest expense	-	55,615	-	55,615
	<u>\$ 3,502,390</u>	<u>\$ 322,911</u>	<u>\$ 401,731</u>	<u>\$ 4,227,032</u>

The Notes to the Financial Statements are an integral part of this statement.

Women in Need of Generous Support

Statements of Cash Flows

For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase (decrease) in net assets	\$ 544,902	\$ (335,731)
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	180,440	202,496
Change in operating assets and liabilities		
Government grants receivable	(123,172)	230,574
Pledges receivable	65,588	419,875
Other assets	37,828	34,888
Accounts payable	(27,602)	26,775
Accrued expenses	6,581	4,831
Refundable advance	506,400	-
Deferred rent	(15,178)	(5,278)
Net cash provided by operating activities	1,175,787	578,430
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(911,421)	(256,669)
Net cash used in financing activities	(911,421)	(256,669)
Net change in cash and cash equivalents	264,366	321,761
CASH AND CASH EQUIVALENTS, beginning of year	491,270	169,509
CASH AND CASH EQUIVALENTS, end of year	\$ 755,636	\$ 491,270
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 29,022	\$ 55,615

The Notes to the Financial Statements are an integral part of these statements.

Women in Need of Generous Support

Notes to the Financial Statements

Note 1. Nature of Operations and Significant Accounting Policies

Nature of Operations

Women in Need of Generous Support, known as WiNGS (the Organization), is a Texas nonprofit organization dedicated to empowering women, fighting poverty and impacting generations. Coaches, mentors, and home visitors work side-by-side with every woman who comes to us, providing the tools she needs to succeed. Most women come to WiNGS seeking financial security. Others need guidance to start their small business. For first-time moms, it's education and support as she navigates through pregnancy and baby's first two years. Regardless of what brings a woman to WiNGS, she leaves confident and with a brighter future for herself, her family and her broader community.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restriction: Represent expendable funds available for operations which are not otherwise limited by donor restrictions. While these net assets do not have donor restrictions, they may be Board restricted for stated purposes and are classified as without donor restriction – board designated. The Organization currently has no net assets without donor restriction – board designated.

Net assets with donor restriction: Represent net assets subject to specific donor-imposed restrictions that will be met by future performance by the Organization or passage of time.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is specifically restricted by the donor. Expenses are reported as decreases in net assets without donor restriction. Expirations of donor restricted contributions (i.e., when the donor-stipulated purposes have been fulfilled and/or when the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Concentration of Credit Risk

Financial instruments that potentially subject WiNGS to concentrations of credit risk consist principally of cash. At June 30, 2020 and 2019, WiNGS had deposits with financial institutions that exceeded FDIC insured limits by \$526,349 and \$248,129, respectively. WiNGS has not experienced any losses in such accounts, and does not believe it is exposed to any significant risk of loss related to cash.

During the years ended June 30, 2020 and 2019, WiNGS received approximately 9% and 18% respectively, of its revenue and support from the United Way of Metropolitan Dallas. For the years ended June 30, 2020 and 2019, WiNGS received approximately 33% and 36%, respectively, of its revenue and support from the Texas Department of Health and Human Services and Texas Department of Family and Protective Services.

Women in Need of Generous Support

Notes to the Financial Statements

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues, support and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include WiNGS' assessment of the allocation of functional expenses and useful lives of property and equipment.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services has been summarized on a functional basis in the Statement of Functional Expenses. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, utilities, interest and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of duty or assignment.

Promises to Give and Revenue Recognition

Contributions are recognized as revenues in the period that pledges or unconditional promises to give are received. These contributions are reduced by any allowance for uncollectible amounts and then discounted to their net present value if the collection period extends beyond the next fiscal year. WiNGS has evaluated all receivables and feels that they are fully collectible. WiNGS recognizes restricted contributions given for ongoing programs spent in the current year, including newly developed programs, as donor restricted giving. Contributions of assets or services other than cash are recorded at their estimated fair value.

Conditional promises to give are not included as support until the conditions are substantially met.

Cash and Cash Equivalents

WiNGS considers cash and investments with original maturities of three months or fewer when purchased to be cash equivalents. For presentation within the statements of cash flows, total cash and cash equivalents includes restricted cash. The carrying value of total cash and cash equivalents approximates fair value.

Accounts Receivable and Allowance for Doubtful Accounts

WiNGS maintains receivables due from state and other agencies for services performed and reviews all accounts receivable balances that are over six months. As of June 30, 2020 and 2019, an allowance for doubtful accounts was not considered necessary to properly reflect the realizable value of accounts receivable.

Women in Need of Generous Support

Notes to the Financial Statements

Property and Equipment

Property and equipment are stated at cost if purchased, or at fair value if donated, less accumulated depreciation and amortization. Major expenditures that substantially increase useful lives are capitalized. WINGS uses a capitalization threshold of \$500. Maintenance, repairs, and replacements that do not improve or extend the lives of the respective assets are charged to operations when incurred.

When property and equipment are sold or otherwise disposed of, the asset and related accumulated depreciation or amortization is removed, and any gain or loss is recognized and included in operations.

Depreciation is provided for over the estimated useful lives of the assets using the straight-line method as follows:

Leasehold improvements	20 Years
Computers and related equipment	3 - 5 Years
Furniture, fixtures and other equipment	5 - 10 Years

Income Taxes

WINGS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

In 2010, WINGS adopted FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. WINGS is not aware of any uncertain tax positions, as of June 30, 2020, that would be subject to the recognition provision of ASC 740-10. Generally, the three prior years remain open for federal income tax examination.

WINGS is exempt from state margin taxes. Accordingly, no provision for federal or state income tax has been recorded in the accompanying financial statements.

Refundable Advances - Paycheck Protection Program (PPP) Loan

The Organization utilizes the FASB ASC 958-605 Conditional Contribution model (originally issued as ASU 2018-08) for its PPP loan. Under this model, the loan is treated as a conditional contribution, accounted for as a refundable advance, until the conditions have been substantially met or explicitly waived by the donor.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. The updated standard is effective for the Organization's current year financial statements and did not have a significant impact on the amount or methods used to record revenues.

Women in Need of Generous Support

Notes to the Financial Statements

In February 2016, the FASB issued ASU No. 2016-02, Leases. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) at the commencement date. The ASU is effective for fiscal years beginning after December 15, 2021. Management is currently assessing the impact of this ASU on its financial statements.

In June 2018, the FASB issued ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This new guidance clarifies whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determines whether a contribution is conditional. The update became effective for the Organization during the current fiscal year. This standard's effect on the Organization's financial statements is focused primarily on the recording of the PPP Loan (Note 8).

Note 2. Liquidity

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2020	2019
Cash and cash equivalents	\$ 755,636	\$ 491,270
Government grants receivable	227,643	104,471
Pledges receivable	42,000	107,588
Total financial assets available to meet general expenditures within one year	\$ 1,025,279	\$ 703,329

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3. Property and Equipment

Property and equipment consisted of the following at June 30:

	2020	2019
Leasehold improvements	\$ 2,705,215	\$ 2,705,215
Computers and related equipment	246,552	246,552
Furniture, fixtures and other equipment	301,401	301,401
Total depreciable property and equipment	3,253,168	3,253,168
Less accumulated depreciation and amortization	(1,123,874)	(943,434)
Total depreciable property and equipment, net	2,129,294	2,309,734
Leasehold improvements under renovation	11,750	11,750
Property and equipment, net	\$ 2,141,044	\$ 2,321,484

Total depreciation and amortization expense for the years ended June 30, 2020 and 2019, was \$180,440 and \$202,496, respectively.

Women in Need of Generous Support

Notes to the Financial Statements

Leasehold improvements reflect funds expended for the facilities to allow WiNGS to expand and enhance its programs.

Note 4. Conditional Promises to Give

For the years ended June 30, 2020 and 2019, WiNGS had received the following conditional promises to give. These promises are not recorded as contributions in the year the promises are made but when the donor conditions are met.

	2020	2019
United Way of Metropolitan Dallas	\$ 400,000	\$ 703,400

WiNGS received conditional promises to give from the United Way of Metropolitan Dallas, for the purpose of supporting various programs. The award is annual beginning July 1 for the 2020 and 2019 fiscal years. Fulfillment of the promise is conditional upon the continuation of the programs supported, success of United Way's fundraising efforts, and certain reporting requirements.

Note 5. Employee Benefit Plan

In May 2016, WiNGS established the WiNGS 401(k) Retirement Plan, a defined contribution plan qualified under Section 401(k) of the Internal Revenue Code. Employees who have one year of service with a minimum of 1,000 hours are eligible to participate in the Plan. WiNGS makes a 3% non-elective contribution of employees' base salaries which is immediately 100% vested; and a 33% match of employees' deferrals up to 6% of employee's salaries (which vests according to a 3-year vesting schedule). WiNGS has discontinued making elective contributions beginning September 2019. Employer contributions for the year ended June 30, 2020 and 2019 were \$65,522 and \$95,007, respectively.

Note 6. Net Assets with Donor Restriction

At June 30, 2020 and 2019, the balance of net assets with donor restriction consisted of the following:

	2020	2019
Finance and Career	\$ 39,348	\$ 26,882
Capital Gifts	100,000	-
Nurse-Family Partnership	164,689	119,316
Strategic Gifts	50,000	-
Women's Enterprise Center	25,000	-
	\$ 379,037	\$ 146,198

Women in Need of Generous Support

Notes to the Financial Statements

Note 7. Note Payable

Prosperity Bank Loan

On October 7, 2014, WiNGS executed an agreement with Prosperity Bank (formerly Legacy Texas Bank) for a commercial loan up to \$2,500,000 to finance the renovations to its future program delivery and office space. The total amount borrowed under the note was \$2,368,351. The first principal payment was due in October 2015 and future principal payments were to be semi-annual beginning October 2016.

Various modifications have been made to the note since its original execution; the most recent occurring in August 2020, at which time the terms of the note were modified and the maturity date was changed to February 2025. In addition to the change in maturity date, monthly principal and interest installment payments in the amount of \$7,071 became due and payable from March 10, 2020 through November 10, 2020. In addition to these regular monthly installments, on November 15, 2020, a principal reduction payment in the amount of \$100,000 will be due and payable. Beginning on December 10, 2020, the monthly principal and interest installment payments are reduced to \$5,076 and will be due and payable until the maturity date. On the maturity date, any and all unpaid principal, together with all accrued interest shall be immediately due and payable.

Total interest expense for the years ended June 30, 2020 and 2019 was \$29,022 and \$55,615, respectively.

Note 8. Refundable Advance - Paycheck Protection Program (PPP) Loan

The Coronavirus Aid, Relief, and Economic Security Act, also known as the CARES Act, was signed into law on March 27, 2020. Among other things, the CARES Act provided for a business loan program known as the Paycheck Protection Program (PPP). The PPP enables entities to be able to borrow, through the Small Business Administration, up to two-and-a-half months of payroll and related benefits and is designed to be fully forgiven if certain conditions are met subsequent to the funding of the loan. The Organization received \$506,400 in proceeds from such program in April of 2020.

On June 5, 2020, the Paycheck Protection Program (PPP) Flexibility Act was signed into law, amending the provisions of the PPP. Among the modifications is an extension of the covered period from eight weeks to 24 weeks.

As of June 30, 2020, the Organization has incurred qualified expenses of \$311,988. Because the covered period extends across two fiscal years, the conditions required for loan forgiveness have not been substantially met as of June 30, 2020. As a result, no revenue has been recognized in the statement of activities and the entire loan amount has been recorded as a liability (refundable advance) in the statement of financial position. Management believes that the conditions for forgiveness will be substantially met by the end of the covered period, allowing for full recognition of loan forgiveness revenue during the fiscal year ended June 30, 2021.

Note 9. Commitments, Contingencies and Leases

Operating Leases

WiNGS entered into a non-cancelable operating lease for the new program delivery and office space. The term of the lease is 122 months beginning on August 1, 2014 and ending on September 30, 2024. The lease includes renewal options for two additional periods of five years each.

Women in Need of Generous Support

Notes to the Financial Statements

WiNGS leases copiers, storage, and a phone system under terms of non-cancelable operating leases. The terms of the leases vary and extend through the year ended June 30, 2020.

Future minimum lease payments under these leases through the end of the lease terms are as follows:

Years Ending June 30,	Amount
2021	\$ 349,070
2022	348,775
2023	355,575
2024	365,475
2025	91,575
Thereafter	<u>-</u>
Total	<u>\$ 1,510,470</u>

Total rental expense for the years ended June 30, 2020 and 2019, was \$336,150 and \$332,510, respectively.

Commitments and Contingencies

WiNGS receives funding or reimbursements from governmental agencies that are subject to specific compliance requirements and review and audit by the grantors or their representatives. Such audits could result in requests for reimbursement by the grantor agency for expenses disallowed under the terms and conditions specified in the grant agreements. The net effect of any disallowances or adjustments resulting from these activities could have a material effect on WiNGS' financial position.

From time to time, WiNGS is subject to certain claims and contingencies that arise in the normal course of performing its services. Management is not aware of any such claims that might have a material adverse effect on the financial position, activities, or cash flows of WiNGS.

Note 10. Subsequent Events

WiNGS has evaluated subsequent events through October 23, 2020, the date which the financial statements were available to be issued, noting the following:

COVID-19

The extent of the operational and financial impact the COVID-19 pandemic may have on the Organization has yet to be determined and is dependent on its duration and spread, any related operational restrictions and the overall economy. The Organization is unable to accurately predict how COVID-19 will affect the results of its operations because the virus's severity and the duration of the pandemic are uncertain. It is premature to accurately predict its full impact for fiscal year 2021.

Federal and State Awards



**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Directors of
Women in Need of Generous Support
Dallas, 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 in Need of Generous Support (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Women in Need of Generous Support'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 Women in Need of Generous Support's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Women in Need of Generous Support'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.

The Board of Directors of
Women in Need of Generous Support

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 23, 2020



Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

To the Board of Directors of
Women in Need of Generous Support
Dallas, Texas

Report on Compliance for Each Major Federal Program

We have audited Women in Need of Generous Support's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Women in Need of Generous Support's major federal program for the year ended June 30, 2020. Women in Need of Generous Support's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Women in Need of Generous Support'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 (CFR) 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 Women in Need of Generous Support'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 its major federal program. However, our audit does not provide a legal determination of Women in Need of Generous Support's compliance.

Opinion on Women in Need of Generous Support's Major Federal Program

In our opinion, Women in Need of Generous Support 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 June 30, 2020.

The Board of Directors of
Women in Need of Generous Support

Report on Internal Control over Compliance

Management of Women in Need of Generous Support 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 Women in Need of Generous Support's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 Women in Need of Generous Support'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 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 23, 2020

Women in Need of Generous Support

Schedule of Findings and Questioned Costs

For The Year Ended June 30, 2020

Section 1. Summary of Auditors' Results

Basic Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? Yes None reported

Noncompliance which is material to the basic financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? Yes None reported

An unmodified opinion was issued on compliance for major federal programs.

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

Identification of federal major federal programs:

CFDA Number
93.558

Name of Federal Grant or Program
Temporary Assistance for Needy Families (TANF)

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

Auditee qualified as low-risk auditee? Yes No

Women in Need of Generous Support
Schedule of Findings and Questioned Costs – Continued
For The Year Ended June 30, 2020

Section 2. Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings for the year ended June 30, 2020.

Section 3. Federal Awards Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required to be reported by the Uniform Guidance.

There were no findings for the year ended June 30, 2020.

Section 4. Summary of Prior Year Audit Findings

There were no findings from the year ended June 30, 2019.

Women in Need of Generous Support

Schedule of Expenditures of Federal and State Awards For the Year Ended June 30, 2020

Federal Grantor Pass-through Grantor Program Title	Grant Period	CFDA Number	Grant Expenditures	
			State	Federal
U.S. Department of Health and Human Services				
Passed through Texas Department of Family and Protective Services - Temporary Assistance for Needy Families Program/Texas Nurse - Family Partnership				
529-16-0003-00002 / 20-1145TANF	9/1/2019 - 8/31/2020	93.558	\$ 156,718	\$ 1,056,525
529-16-0003-00002 / 19-1145TANF	9/1/2018 - 8/31/2019	93.558	-	208,941
Total - CFDA No. 93.558			<u>156,718</u>	<u>1,265,466</u>
Total Federal and State Awards (including state funds awarded with federal awards as one grant)			<u>\$ 156,718</u>	<u>\$ 1,265,466</u>
Total expenditures of state and federal awards			<u>\$ 1,422,184</u>	

The Notes to the Schedule of Expenditures of Federal and State Awards are an integral part of this statement.

Women in Need of Generous Support

Notes to the Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Note 1. Basis of Presentation

The schedule of expenditures of federal and state awards (the Schedule) includes the grant activity of Women in Need of Generous Support under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) – Sub part E, Cost Principles, wherein certain types of expenditures are not allowable or are limited.

Pass-through entity identifying numbers are presented where available.

The Organization elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, section 414.