

**CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED AUGUST 31, 2022 AND 2021**

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.

Table of Contents

	<u>Page</u>
Financial Section	
Independent Auditors' Report	1
Statements of Financial Position	4
Statement of Activities	
Year Ended August 31, 2022	5
Year Ended August 31, 2021	6
Statement of Functional Expenses	
Year Ended August 31, 2022	7
Year Ended August 31, 2021	8
Statements of Cash Flows	9
Notes to Financial Statements	10
Supplementary Information	
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>	20
Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	22
Schedule of Expenditures of Federal and State Awards	25
Notes to Schedule of Expenditures of Federal and State Awards	27
Schedule of Findings And Questioned Costs	28
Summary Schedule of Prior Audit Findings	30

FINANCIAL SECTION



Independent Auditors' Report

Board of Directors
Children's Advocacy Centers of Texas, Inc.
Austin, Texas

Opinion

We have audited the accompanying financial statements of Children's Advocacy Centers of Texas, Inc. (CACTX) which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CACTX as of August 31, 2022 and 2021, and the results of its operations 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 (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CACTX 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 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.

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 the CACTX's ability to continue as a going concern within one year after the date that the financial statements are issued.

Auditors' Responsibility 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 GAAS 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 GAAS 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 the CACTX's 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 the CACTX's 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 schedule of expenditures of federal and state awards 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* (Uniform Guidance) and the *State of Texas Single Audit Circular*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 December 15, 2022, on our consideration of the CACTX'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 the CACTX'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 the CACTX's internal control over financial reporting and compliance.

Atchley & Associates, LLP

Austin, Texas

December 15, 2022

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022 AND 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 698,499	\$ 372,597
Accounts receivable:		
Grants and contracts	12,154,978	13,844,742
Pledges and other	119,552	675
Inventory	-	10,046
Prepays and other	108,816	102,511
Total current assets	13,081,845	14,330,571
Investments:		
Designated	1,017,952	1,017,370
Restricted	8,027,921	9,970,480
Total investments	9,045,873	10,987,850
Fixed assets, net	1,375,920	1,538,981
Total assets	\$ 23,503,638	\$ 26,857,402
LIABILITIES AND NET ASSETS		
Current liabilities:		
Grants and other payables	\$ 11,258,349	\$ 12,890,459
Accrued expense	76,836	55,581
Accrued wages payable	129,318	106,983
Accrued vacation payable	236,573	184,736
Deferred revenue	-	33,855
Total current liabilities	11,701,076	13,271,614
Total liabilities	11,701,076	13,271,614
Net assets		
Without donor restrictions		
Available for general operations	1,380,369	1,043,557
Board designated	1,017,952	1,017,370
Investment in fixed assets	1,375,920	1,538,981
	3,774,241	3,599,908
With donor restrictions		
For time or purpose	3,028,321	4,985,880
In perpetuity	5,000,000	5,000,000
	8,028,321	9,985,880
Total net assets	11,802,562	13,585,788
Total liabilities and net assets	\$ 23,503,638	\$ 26,857,402

See accompanying independent auditors' report and notes to financial statements.

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2022

	Without Donor	With Donor Restrictions		Total
	Restrictions	Time or Purpose	In Perpetuity	
Revenues				
Grants and contracts	\$ 71,795,183	\$ -	\$ -	\$ 71,795,183
Membership dues	252,000	-	-	252,000
Contributions	459,951	-	-	459,951
Other revenues	20	-	-	20
Investment return, net	(29,416)	(1,292,559)	-	(1,321,975)
	<u>72,477,738</u>	<u>(1,292,559)</u>	<u>-</u>	<u>71,185,179</u>
Assets released from restrictions	<u>665,000</u>	<u>(665,000)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>73,142,738</u>	<u>(1,957,559)</u>	<u>-</u>	<u>71,185,179</u>
Expenses				
Program services	71,026,810	-	-	71,026,810
Management and general	1,536,401	-	-	1,536,401
Fundraising	405,194	-	-	405,194
Total expenses	<u>72,968,405</u>	<u>-</u>	<u>-</u>	<u>72,968,405</u>
Change in net assets	174,333	(1,957,559)	-	(1,783,226)
Net assets at beginning of year	<u>3,599,908</u>	<u>4,985,880</u>	<u>5,000,000</u>	<u>13,585,788</u>
Net assets at end of year	<u>\$ 3,774,241</u>	<u>\$ 3,028,321</u>	<u>\$ 5,000,000</u>	<u>\$ 11,802,562</u>

See accompanying independent auditors' report and notes to financial statements.

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2021

	Without Donor	With Donor Restrictions		Total
	Restrictions	Time or Purpose	In Perpetuity	
Revenues				
Grants and contracts	\$ 68,490,150	\$ 15,400	\$ -	\$ 68,505,550
Membership dues	237,000	-	-	237,000
Contributions	175,920	-	-	175,920
Other revenues	9,583	-	-	9,583
Investment return, net	(24,755)	1,924,702	-	1,899,947
	<u>68,887,898</u>	<u>1,940,102</u>	<u>-</u>	<u>70,828,000</u>
Assets released from restrictions	<u>256,000</u>	<u>(256,000)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>69,143,898</u>	<u>1,684,102</u>	<u>-</u>	<u>70,828,000</u>
Expenses				
Program services	68,109,119	-	-	68,109,119
Management and general	580,759	-	-	580,759
Fundraising	233,260	-	-	233,260
Total expenses	<u>68,923,138</u>	<u>-</u>	<u>-</u>	<u>68,923,138</u>
Change in net assets	220,760	1,684,102	-	1,904,862
Net assets at beginning of year	<u>3,379,148</u>	<u>3,301,778</u>	<u>5,000,000</u>	<u>11,680,926</u>
Net assets at end of year	<u>\$ 3,599,908</u>	<u>\$ 4,985,880</u>	<u>\$ 5,000,000</u>	<u>\$ 13,585,788</u>

See accompanying independent auditors' report and notes to financial statements.

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2022

	Program Services	Management & General	Fundraising	Totals
EXPENSES				
Salaries	\$ 2,734,070	\$ 1,102,965	\$ 222,460	\$ 4,059,495
Employee benefits	304,618	122,888	24,786	452,292
Payroll taxes	199,881	80,635	16,263	296,779
Total personnel	<u>3,238,569</u>	<u>1,306,488</u>	<u>263,509</u>	<u>4,808,566</u>
Case tracking system	351,591	-	-	351,591
Depreciation	109,822	44,304	8,935	163,061
Equipment and software	135,419	41,507	21,117	198,043
Occupancy	102,888	41,501	8,371	152,760
Other	10,056	2,761	4,885	17,702
Other grant funded expenses	10,046	-	-	10,046
Postage and delivery	1,388	488	1,335	3,211
Printing	5,034	1,526	3,555	10,115
Professional fees	655,499	82,792	89,515	827,806
Purchases of services - payments				
to local advocacy centers	66,213,755	-	-	66,213,755
Staff development	3,589	1,319	266	5,174
Supplies	19,053	2,493	503	22,049
Training and conferences	70,462	9,261	2,446	82,169
Travel and site visits	99,639	1,961	757	102,357
Total expenses	<u>\$ 71,026,810</u>	<u>\$ 1,536,401</u>	<u>\$ 405,194</u>	<u>\$ 72,968,405</u>

See accompanying independent auditors' report and notes to financial statements.

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2021

	Program Services	Management & General	Fundraising	Totals
EXPENSES				
Salaries	\$ 2,309,153	\$ 322,207	\$ 53,701	\$ 2,685,061
Employee benefits	279,295	38,997	6,495	324,787
Payroll taxes	168,379	23,494	3,916	195,789
Total personnel	<u>2,756,827</u>	<u>384,698</u>	<u>64,112</u>	<u>3,205,637</u>
Case tracking system	205,036	-	-	205,036
Depreciation	144,216	20,123	3,354	167,693
Equipment and software	221,143	30,346	12,213	263,702
Occupancy	130,305	18,183	3,030	151,518
Other	2,948	4,590	3,271	10,809
Other grant funded expenses	2,196	-	-	2,196
Postage and delivery	2,458	262	614	3,334
Printing	33,390	241	4,597	38,228
Professional fees	1,107,507	106,608	140,683	1,354,798
Purchases of services - payments				
to local advocacy centers	63,446,898	-	-	63,446,898
Staff development	22,085	2,842	1,080	26,007
Supplies	15,501	1,267	136	16,904
Training and conferences	5,699	2,813	123	8,635
Travel and site visits	12,910	8,786	47	21,743
Total expenses	<u>\$ 68,109,119</u>	<u>\$ 580,759</u>	<u>\$ 233,260</u>	<u>\$ 68,923,138</u>

See accompanying independent auditors' report and notes to financial statements.

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
STATEMENTS OF CASH FLOWS
AUGUST 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,783,226)	\$ 1,904,862
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	163,061	167,693
Realized and unrealized (gain) loss on investments	1,529,087	(1,755,345)
Changes in operating assets and liabilities:		
Accounts receivable:		
Grants and contracts	1,689,764	(543,238)
Pledges and other	(118,877)	(576)
Inventory	10,046	2,196
Prepays and other	(6,305)	(52,814)
Grants and other payables	(1,632,110)	161,123
Accrued expense	21,255	43,080
Accrued wages payable	22,335	11,185
Accrued vacation payable	51,837	36,854
Deferred revenue	(33,855)	6,975
	<u>(86,988)</u>	<u>(18,005)</u>
Net cash provided by (used by) operating activities		
Cash flows from investing activities:		
Purchase of fixed assets	-	(87,629)
Proceeds from sale of investments	2,272,014	586,928
Purchases of investments	(1,859,124)	(505,531)
	<u>412,890</u>	<u>(6,232)</u>
Net cash provided by (used by) investing activities		
Net change in cash	325,902	(24,237)
Cash, beginning of the year	<u>372,597</u>	<u>396,834</u>
Cash, end of the year	<u>\$ 698,499</u>	<u>\$ 372,597</u>
Supplemental information:		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes to financial statements.

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

1. DESCRIPTION OF THE ORGANIZATION

The Children's Advocacy Centers of Texas, Inc. (CACTX) is a statewide association that promotes the efforts of the local children's advocacy centers by coordinating and providing training, technical assistance, resources, and funding. Founded as a Texas non-profit corporation in 1994, the mission of CACTX is to restore the lives of abused children by supporting children's advocacy centers in partnership with communities and agencies investigating and prosecuting child abuse. The sources of revenue for CACTX's services come primarily from government grants, which support the efforts of CACTX and its member children's advocacy centers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared on the accrual basis method of accounting, which includes recognition of revenues and support and related accounts receivable as the revenue is earned. Expenses and related accounts payable are recognized as the cost is incurred. Revenues received before being earned are reported as deferred revenues. Expenses paid before being incurred are reported as prepaid expenses.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Classification of Net Assets - Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CACTX and changes therein are classified as follows:

Net assets without donor restriction - Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restriction - Net assets subject to donor-imposed stipulations which expire when the stipulated purpose for which the resource was restricted has been fulfilled or held in perpetuity. Donor restricted net assets were \$8,028,321 and \$9,985,880 as of August 31, 2022 and 2021, respectively.

Cash and Cash Equivalents - For the purpose of the statements of cash flows, CACTX considers cash and highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Receivables - Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. CACTX provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the ability of conference and training participants to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is CACTX's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At year end, the discount on pledge receivables was \$757. The allowance for uncollectible accounts is considered an accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant.

Fixed Assets - Fixed assets are capitalized at cost, if the cost exceeds \$5,000 and the estimated useful life of the asset is more than one year. Donations of fixed assets are recorded as support at their estimated fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as contributions with donor restrictions. In the absence of such stipulations, contributions of fixed assets are recorded as contributions without donor restrictions. Depreciation expense is computed over the estimated useful lives of the fixed assets (generally 3-30 years) using the straight-line method of computation. CACTX uses the direct expensing method to account for planned major maintenance activities.

Functional Expenses and Allocation of Costs: CACTX allocates common costs between grants and other funding by a study of CACTX's activities at the start of each grant or contract. The resulting allocations are reviewed periodically, and the allocations revised, if necessary, to reflect changes in the activities of CACTX. The allocation of costs reported in the financial statements is considered an accounting estimate. These estimates may be adjusted as more current information becomes available and any adjustment could be significant. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or that relate to a specific source of revenue are allocated directly to that program. All other expenses have been allocated based on time and effort.

Federal Income Taxes - CACTX is exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3). Therefore, no provision for income taxes has been included in these financial statements.

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Federal Income Taxes - continued - CACTX has adopted the recognition requirements for uncertain income tax positions as required by GAAP, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. CACTX has analyzed the tax positions taken in its filings with the Internal Revenue Service and state jurisdictions where it operates. CACTX believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on CACTX's financial position, changes in net assets, or cash flows. Accordingly, CACTX has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at August 31, 2022 and 2021. CACTX's federal exempt organization returns for the years ended August 31, 2019, and after are subject to examination by the Internal Revenue Service.

Credit Risk - Financial instruments which potentially subject CACTX to credit risk consist of cash and cash equivalents, and accounts receivable. CACTX's checking accounts held \$460,749 in excess of the federal depository insurance limits as of August 31, 2022. CACTX does not require collateral prior to issuing credit for receivables.

Financial Instruments and Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. CACTX discloses fair value measurements in accordance with the following hierarchy.

Market approach (Level 1) - uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

Cost approach (Level 2) - based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach (Level 3) - uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Equity funds have been valued using a market approach (level 1). Bond funds have been calculated using quoted market prices for similar assets in markets that are not active (level 2). There were no changes in valuation techniques during the year ended August 31, 2022.

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Financial Instruments and Fair Value Measurements - continued - Changes in fair value of financial instruments and unrealized gains or losses on financial instruments are reported in the statement of activities. Investment income and gains and losses on investments are reported as an increase or decrease in net assets without donor restrictions unless a donor or law restricts their use.

Significant Accounting Pronouncements - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for CACTX's fiscal years beginning after December 15, 2021, with early adoption permitted. CACTX is currently evaluating the impact of this ASU on its financial statements.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is expected to increase transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. CACTX adopted the ASU during the year ended August 31, 2022, and applied the ASU retrospectively to the year ended August 31, 2021. CACTX did not have contributed assets as of August 31, 2022.

Subsequent Events - Management evaluated subsequent events through the date of the Independent Auditors' Report, the date these financial statements were available to be issued.

3. INVESTMENTS AND INVESTMENT INCOME

The Board of Directors reviews and approves CACTX's fair value measurement policies and procedures annually. At least annually, the finance committee and the Board determine if the valuation techniques used in fair value measurements are still appropriate.

Fair value of assets measured on a recurring basis at August 31, 2022 and 2021, reported in the financial statements are the following:

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

3. INVESTMENTS AND INVESTMENT INCOME - CONTINUED

<u>August 31, 2022</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:				
Equity funds	\$ 5,241,651	\$ 5,241,651	\$ -	\$ -
Bond funds	2,764,460	-	2,764,460	-
Total mutual funds	<u>8,006,111</u>	<u>\$ 5,241,651</u>	<u>\$ 2,764,460</u>	<u>\$ -</u>
Cash and cash equivalents	1,039,762			
Certificates of deposit	-			
Total investments	<u>\$ 9,045,873</u>			
<u>August 31, 2021</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds:				
Equity funds	\$ 6,463,030	\$ 6,463,030	\$ -	\$ -
Bond funds	3,488,900	-	3,488,900	-
Total mutual funds	<u>9,951,930</u>	<u>\$ 6,463,030</u>	<u>\$ 3,488,900</u>	<u>\$ -</u>
Cash and cash equivalents	815,912			
Certificates of deposit	220,008			
Total investments	<u>\$ 10,987,850</u>			
	<u>August 31, 2022</u>	<u>August 31, 2021</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 1,039,762	\$ 1,039,762	\$ 815,912	\$ 815,912
Mutual funds:				
Equity funds	5,166,015	5,241,651	4,489,062	6,463,030
Bond funds	3,154,248	2,764,460	3,525,222	3,488,900
Certificates of deposit	-	-	220,000	220,008
Total	<u>\$ 9,360,025</u>	<u>\$ 9,045,873</u>	<u>\$ 9,050,196</u>	<u>\$ 10,987,850</u>
			<u>2022</u>	<u>2021</u>
Interest income			\$ 237,112	\$ 174,602
Net realized gain			722,718	440,979
Net unrealized gain (loss)			(2,251,805)	1,314,366
Investment fees			(30,000)	(30,000)
Investment return, net			<u>\$ (1,321,975)</u>	<u>\$ 1,899,947</u>

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

4. FIXED ASSETS

Major classes of property and equipment at August 31, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 511,200	\$ 511,200
Buildings and improvements	1,547,618	1,547,618
Furniture and equipment	627,139	627,139
Less: accumulated depreciation	<u>(1,310,037)</u>	<u>(1,146,976)</u>
Fixed assets, net	<u><u>\$ 1,375,920</u></u>	<u><u>\$ 1,538,981</u></u>

Depreciation expense for the years ended August 31, 2022 and 2021, was \$163,061 and \$167,693, respectively.

5. BOARD DESIGNATED NET ASSETS

CACTX's Board of Directors established reserve funds whereby certain funds were set aside for future use. There is no legal restriction by an outside funder to be treated as such. At August 31, 2022 and 2021, the Board designated funds were as follows:

<u>Designation</u>	<u>2022</u>	<u>2021</u>
Operating reserve	\$ 794,612	\$ 794,125
Building reserve	<u>223,340</u>	<u>223,245</u>
	<u><u>\$ 1,017,952</u></u>	<u><u>\$ 1,017,370</u></u>

6. NET ASSETS WITH DONOR RESTRICTIONS - PURPOSE OR TIME RESTRICTED

CACTX has donor restricted net assets restricted to balances arising from grants and contributions related to CACTX's programs for which restrictions have not been met. CACTX had \$3,028,321 and \$4,985,880, in net assets with donor restrictions as of August 31, 2022 and 2021, respectively. Purpose restricted net assets as of August 31, 2022 and 2021, were comprised of the following:

<u>Funding Source</u>	<u>2022</u>	<u>2021</u>	<u>Nature of donor restrictions</u>
Swalm Foundation	\$ 3,027,921	\$ 4,970,480	Endowment income restricted as to use to provide grants to local Children's Advocacy Programs and to meet CACTX's current goals

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

**6. NET ASSETS WITH DONOR RESTRICTIONS - PURPOSE OR TIME RESTRICTED
- CONTINUED**

Funding Source	2022	2021	Nature of donor restrictions
TX Bar Foundation	\$ 400	\$ 15,400	Restricted for HIPPA project
Total	<u>\$ 3,028,321</u>	<u>\$ 4,985,880</u>	

During the years ended August 31, 2022 and 2021, net assets of \$665,000 and \$256,000, respectively, were released from accompanying stipulations due to CACTX's action and passage of time and are reported as assets released from restrictions in the statement of activities.

7. NET ASSETS WITH DONOR RESTRICTIONS - IN PERPETUITY

The Endowment Fund of CACTX (the Endowment) consists of one individual fund established by a gift of \$5,000,000 in 2006. The Endowment includes donor-restricted endowment funds only and related earnings. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of CACTX have interpreted the TUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. CACTX classifies as net assets with donor restrictions in perpetuity the original value of gifts donated to the Endowment and the original value of subsequent gifts to the Endowment. The remaining portion of the donor-restricted endowment fund that is not classified in perpetuity is classified as net assets with donor restrictions time or purpose until those amounts are appropriated for expenditure by CACTX in a manner consistent with the standard of prudence prescribed by TUPMIFA.

In accordance with TUPMIFA, CACTX considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of CACTX and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of CACTX
- (7) The investment policies of CACTX

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

7. NET ASSETS WITH DONOR RESTRICTIONS - IN PERPETUITY - CONTINUED

Investment Objectives

CACTX has adopted two investment objectives: 1) the primary objective is to provide a continuing and dependable cash payout, stable and preferably growing in real terms, after giving effect to inflation. Consistent with this objective, the goal will be to achieve a 4% (a premium over the inflation rate) on the Endowment's assets over a trailing five-year period, and 2) to appreciate the total value of the Endowment portfolio over time, exclusive of growth derived from donations. The overall investment direction is to maximize the return, consistent with the notion of safety achieved through high quality investment selection and diversification. Emphasis is placed upon total return in order to satisfy the Endowment's spending policy. The importance of maintaining an investment posture that provides an opportunity for growth is recognized, however, as a way to ensure growth of income and protect against the corrosive effect of inflation. Asset mix is the primary determinant of the Endowment's portfolio performance. The asset mix may be changed from time to time based on economic and security market outlook as well as income requirements. The overall risk level of the assets, in terms of potential for price fluctuation, should not be extreme. The primary means for achieving such a risk profile are the following: 1) a balanced diversification between equity and fixed income investments, 2) careful control of the risk level within each asset class, through avoidance of over-concentration and by not taking extreme positions against the market averages, and 3) a degree of emphasis on stable growth, rather than capital gains.

Spending Policy and How the Investment Objectives Related to the Spending Policy

CACTX's spending policy allows income for current obligations in addition to growth of the Endowment's investment corpus necessary to meet the projected increasing needs of the future. The Endowment may distribute annually up to 3.5% of a trailing five-year average of the total market value, with the understanding that this spending rate plus the trailing average of inflation (Consumer Price Index) will not normally exceed the total return from the investments. This is consistent with CACTX's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset classifications by type as of August 31, 2022 and 2021, were the following:

	2022	2021
Donor-restricted endowment funds:		
In Perpetuity	\$ 5,000,000	\$ 5,000,000
Time or Purpose	3,027,921	4,970,480
	\$ 8,027,921	\$ 9,970,480

CACTX had the following Endowment net asset related activities for the years ended August 31, 2022 and 2021:

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

7. NET ASSETS WITH DONOR RESTRICTIONS - IN PERPETUITY - CONTINUED

	<u>Time or Purpose</u>	<u>In Perpetuity</u>	<u>Total</u>
<u>August 31, 2022</u>			
Endowment, beginning of year	\$ 4,970,480	\$ 5,000,000	\$ 9,970,480
Investment return, net	(1,292,559)	-	(1,292,559)
Withdrawals	(650,000)	-	(650,000)
Endowment, end of year	<u>\$ 3,027,921</u>	<u>\$ 5,000,000</u>	<u>\$ 8,027,921</u>
	<u>Time or Purpose</u>	<u>In Perpetuity</u>	<u>Total</u>
<u>August 31, 2021</u>			
Endowment, beginning of year	\$ 3,301,778	\$ 5,000,000	\$ 8,301,778
Investment return, net	1,924,702	-	1,924,702
Withdrawals	(256,000)	-	(256,000)
Endowment, end of year	<u>\$ 4,970,480</u>	<u>\$ 5,000,000</u>	<u>\$ 9,970,480</u>

8. EMPLOYEE BENEFIT PLAN

CACTX has a 401(k) salary deferral plan covering substantially all employees. Under the plan, CACTX matches one-half of each eligible employee's salary deferral, up to 3 percent. Plan expenses incurred by CACTX during the years ended August 31, 2022 and 2021, were \$76,128 and \$49,411, respectively.

9. OFF BALANCE SHEET CREDIT RISK AND CONCENTRATION

Financial instruments that are exposed to concentrations of credit risk consist of cash, investments and accounts receivable. Cash and investments are in high quality institutions and companies with high credit ratings. Investments are based on quoted market prices. Accounts receivable and notes receivable are carried at estimated net realizable values.

CACTX invests in cash, debt, and equity securities for its endowment fund. These investments are exposed to various risks, such as fluctuations in market value and credit risk. Minimizing these risks is achieved through high quality investment selection and diversification. In compliance with CACTX's Investment Policy Statement, the investments are diversified to provide reasonable assurance that investment in a single security, a class of securities, or an industry will not have an excessive impact on the endowment fund's balance. As of August 31, 2022 and 2021, CACTX had no significant concentrations of credit risk relating to its endowment fund.

CACTX's funding is concentrated in a few funding sources. A reduction or loss of funding from any of these sources could have a negative impact on the operations of CACTX.

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2022 AND 2021

9. OFF BALANCE SHEET CREDIT RISK AND CONCENTRATION - CONTINUED

Accounts receivable are principally with grantors, and are primarily due from the State of Texas. Realization of these items is dependent on various individual economic conditions. CACTX performs ongoing credit evaluations of the financial condition of the grantors and individuals and, generally, requires no collateral from them.

10. RELATED PARTY TRANSACTIONS

Certain members of the Board contributed \$96,977 and \$22,652 to CACTX during the years ended August 31, 2022 and 2021, respectively, with \$115,000 outstanding as accounts receivable at August 31, 2022.

11. AVAILABLE RESOURCES AND LIQUIDITY

The following represent CACTX's financial assets at August 31, 2022 and 2021:

	2022	2021
Financial assets at year-end		
Cash and cash equivalents	\$ 698,499	\$ 372,597
Grants, contracts, pledges, and other receivable	12,274,530	13,845,417
Investments	9,045,873	10,987,850
Total financial assets at year-end	22,018,902	25,205,864
Less amounts not available for general expenditures		
Board designated net assets	(1,017,952)	(1,017,370)
Net assets with donor restrictions	(8,028,321)	(9,985,880)
	(9,046,273)	(11,003,250)
Financial assets available to meet general expenditures over the next twelve months	\$ 12,972,629	\$ 14,202,614

CACTX employs a balanced budget approach each year. Additionally, CACTX's goal is to generally maintain cash reserves equivalent to approximately three months of operating expenses. As part of the liquidity plan, reserves are invested in short-term investments, including certificates of deposit.

12. GRANT COMPLIANCE

CACTX found a local center to be in breach of contract during routine monitoring in December 2020. This breach resulted in CACTX seeking reimbursement of grant funds in the amount of \$659,902 paid to the center. Once received these funds will be remitted to the original funding entities. This is reflected in both the Grants Receivable and Grants Payable balances for August 31, 2022 and 2021.

SUPPLEMENTARY INFORMATION



**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***

Board of Directors
Children's Advocacy Centers of Texas, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Children's Advocacy Centers of Texas, Inc. (CACTX), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CACTX's internal controls over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CACTX's internal control. Accordingly, we do not express an opinion on the effectiveness of CACTX'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 CACTX's financial statements are free of 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 matter that is 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 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.

Atchley & Associates, LLP

Austin, Texas

December 15, 2022



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Directors
Children's Advocacy Centers of Texas, Inc.

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Children's Advocacy Centers of Texas, Inc.'s (CACTX), compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of CACTX's major federal and state programs for the year ended August 31, 2022. CACTX's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, CACTX complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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) and the *State of Texas Single Audit Circular*. Our responsibilities under those standards and the Uniform Guidance and the *State of Texas Single Audit Circular* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the CACTX 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 each major federal program. Our audit does not provide a legal determination of the CACTX'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 the CACTX's federal programs.

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 CACTX'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 GAAS, *Government Auditing Standards*, and the Uniform Guidance and the *State of Texas Single Audit Circular* 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 CACTX's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and the *State of Texas Single Audit Circular*, 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 CACTX'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 the CACTX'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 and the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of CACTX'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.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Atchley & Associates, LLP

Austin, Texas

December 15, 2022

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

State/Federal Grantor/ Pass through Grantor/ Program Title/ Title of Project	Term	Award #	Federal CFDA Number	Federal Expenditures	Pass Through To Subrecipients
Federal:					
Department of Justice					
<u>Passed through</u>					
Office of the Governor of Texas, Criminal Justice Division (CJD)					
Texas Administrative Code, Title 1,Part 1,Ch 3		1773315	16.575	\$ 83,973	\$ -
Texas Administrative Code, Title 1,Part 1,Ch 3		1773316	16.575	653,666	-
Texas Administrative Code, Title 1,Part 1,Ch 3		2761705	16.575	605,418	605,418
Texas Administrative Code, Title 1,Part 1,Ch 3		2761706	16.575	29,543,794	29,533,794
Texas Administrative Code, Title 1,Part 1,Ch 3		4176401	16.575	8,356,801	8,356,801
Total Office of the Governor of Texas				39,243,652	38,496,013
Southern Regional CAC					
Via Memorandum of Understanding (SRCAC)					
Victims of Child Abuse Act					
October 1, 2021 - September 30, 2022		2019-CI-FX-K003	16.758	13,584	-
National Children's Alliance					
VOCA - National Subgrants Program					
January 1, 2021 - December 31, 2021		AUST-TX-ISP21	16.758	100,506	-
VOCA - National Subgrants Program					
January 1, 2021 - December 31, 2021		AUST-TX-IOC21	16.758	10,129	-
VOCA - National Subgrants Program					
January 26, 2022 - December 31, 2022		AUST-TX-ISP22	16.758	147,872	-
VOCA - National Subgrants Program					
January 12, 2022 - December 31, 2022		AUST-TX-IOC22	16.758	55,870	-
Total National Children's Alliance				314,377	-
Total CFDA 16.758				327,961	-
Total Department of Justice				39,571,613	38,496,013
Department of Health and Human Services					
<u>Passed through</u>					
Texas Criminal Justice					
Texas Center for Judiciary					
October 1, 2020 - September 30, 2021		CJA-21-03	93.643	19,480	-
October 1, 2020 - September 30, 2021		CJA-21-04	93.643	17,296	-
Total Texas Center for Judiciary				36,776	-
Children's Justice Grants to States					
October 1, 2020 - September 30, 2024		2101TXCJA1	93.643	731,502	-
Total CFDA 93.643				768,278	-

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS - CONTINUED
FOR THE YEAR ENDED AUGUST 31, 2022

State/Federal Grantor/ Pass through Grantor/ Program Title/ Title of Project	Term	Award #	Federal CFDA Number	Federal Expenditures	Pass Through To Subrecipients
Department of Health and Human Services - Continued					
Texas Health and Human Services Commission					
Temporary Assistance for Needy Families to Title XX		HHS000964800001	93.558	\$ 6,948,063	\$ 3,834,060
Total Department of Health and Human Services				7,716,341	3,834,060
Department of Treasury					
<u>Passed through</u>					
Texas Office of the Governor – Governor's Office Disaster Relief (DR)					
Coronavirus State and Local Fiscal Recovery Funds		4487901	21.027	190,280	-
Total Texas Office of the Governor				190,280	-
Total Department of Treasury				190,280	-
Total Federal Awards				\$ 47,478,234	\$ 42,330,073
State/Federal Grantor/ Pass through Grantor/ Program Title/ Title of Project	Term	Award #	Federal CFDA Number	Federal Expenditures	Pass Through To Subrecipients
State:					
Texas Health and Human Services Commission					
<u>Direct funding</u>					
Compensation to Victims of Crime Fund No. 0469		HHS000964800001	N/A		
Texas Family Code, General Appropriations Act				\$ 24,121,949	\$ 24,121,949
Office of the Attorney General of Texas					
<u>Direct funding</u>					
Grants Administration Division – OVAG Program (OVAG)					
Texas Administration Code, Title 1, Ch 60, A-F		2215812	N/A	170,000	-
Total State Awards				24,291,949	24,121,949
Total Federal and State Awards				\$ 71,770,183	\$ 66,452,022

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2022

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of Children's Advocacy Centers of Texas, Inc.'s (CACTX) under programs of the federal and State of Texas government for the year ended August 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Single Audit Circular*. Because the Schedule presents only a selected portion of the operations of CACTX, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CACTX.

NOTE B - 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 the Uniform Guidance and the *State of Texas Single Audit Circular*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATES

CACTX has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2022

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal and State Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes X None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA No.</u>	<u>Name of Federal and State Program</u>
Federal:	
16.575	Texas Administrative Code, Title 1, Part 1, Ch 3
93.558	Temporary Assistance for Needy Families to Title XX
State:	
N/A	Texas Family Code, General Appropriations Act

Dollar threshold used to distinguish between Type A and Type B programs	
Federal	\$ 1,424,347
State	<u>\$ 750,000</u>

Auditee qualified as low-risk auditee? X Yes No

CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED AUGUST 31, 2022

II. Financial Statement Findings

No matters were reported

III Findings and Questioned Costs for Federal Awards

No matters were reported

**CHILDREN'S ADVOCACY CENTERS OF TEXAS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2022**

None reported