

WEST CENTRAL TEXAS REGIONAL FOUNDATION
Abilene, Texas

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

September 30, 2021

WEST CENTRAL TEXAS REGIONAL FOUNDATION
Abilene, Texas

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September 30, 2021

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June 21, 2022

**To the Board of Directors
West Central Texas
Regional Foundation
Abilene, Texas**

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of West Central Texas Regional Foundation (the "Foundation"), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform 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 respective financial position of the Foundation as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 awards as required by Title 2 U.S. Code of Federal Regulations (CFR) part 200, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 June 21, 2021 on our consideration of the Foundation'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 the Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Condley & Company, LLP". The signature is written in a cursive, slightly slanted style.

Certified Public Accountants

WEST CENTRAL TEXAS REGIONAL FOUNDATION
Abilene, Texas

STATEMENT OF FINANCIAL POSITION

September 30, 2021

ASSETS

Current Assets:		
Cash and cash equivalents	\$	10,509
Grants receivable		<u>50,249</u>
Total Current Assets		<u>60,758</u>
Other Assets:		
Beneficial interest in assets held by Community Foundation of Abilene		<u>69,790</u>
Total Other Assets		<u>69,790</u>
TOTAL ASSETS	\$	<u><u>130,548</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	\$	<u>50,249</u>
Total Current Liabilities		<u>50,249</u>
Net Assets:		
Without donor restrictions		<u>80,299</u>
Total Net Assets		<u>80,299</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>130,548</u></u>

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL TEXAS REGIONAL FOUNDATION
Abilene, Texas

STATEMENT OF ACTIVITIES

Year Ended September 30, 2021

	<u>Without Donor Restrictions</u>
REVENUES, GAINS AND OTHER SUPPORT:	
Government grants	\$ 1,561,690
Local contributions	205
Net investment gain on beneficial interest in assets held by Community Foundation of Abilene	<u>14,568</u>
Total Revenues, Gains and Other Support	<u>1,576,463</u>
EXPENSES:	
Contract staff	782,739
Program services	623,966
Facilities costs	71,026
Supplies	34,255
Copier, printing and publications	20,147
Travel, meetings and training	9,985
Telephone and communication	9,142
Postage and shipping	7,673
Outreach and education	<u>2,757</u>
Total Expenses	<u>1,561,690</u>
Change in net assets	<u>14,773</u>
Net assets at beginning of year	65,526
NET ASSETS AT END OF YEAR	\$ <u><u>80,299</u></u>

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL TEXAS REGIONAL FOUNDATION
Abilene, Texas

STATEMENT OF CASH FLOWS

Year Ended September 30, 2021

Cash Flows From Operating Activities:	
Change in net assets without donor restrictions	\$ 14,773
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net investment gain on beneficial interest in assets held by Community Foundation of Abilene	(14,568)
Increase in:	
Grants receivable	(20,037)
Increase in:	
Accounts payable and accrued expenses	<u>20,037</u>
Net Cash Provided by Operating Activities	<u>205</u>
Cash Flows from Investing Activities:	
Proceeds from sale of investments	<u>2,226</u>
Net Cash Provided by Investing Activities	<u>2,226</u>
Net Increase In Cash and Cash Equivalents	2,431
Cash and Cash Equivalents at Beginning of Period	<u>8,078</u>
Cash and Cash Equivalents at End of Period	<u>\$ 10,509</u>

The accompanying notes are an integral part of the financial statements.

WEST CENTRAL TEXAS REGIONAL FOUNDATION
Abilene, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

NOTE 1: STATEMENT OF ORGANIZATION AND PURPOSE

West Central Texas Regional Foundation (the "Foundation") was established with the purposes of improving the health, education, safety, housing, environment and general welfare of the citizens and to plan for the future development of the area embraced by the communities predominantly within the State of Texas counties of Brown, Callahan, Coleman, Comanche, Eastland, Fisher, Haskell, Jones, Kent, Knox, Mitchell, Nolan, Runnels, Scurry, Shackelford, Stephens, Stonewall, Taylor, and Throckmorton. The Foundation operates out of Abilene, Texas and participates in grant programs as its primary source of funding.

Capitalization

The Foundation was organized in April 2009, and is incorporated as a non-profit corporation under the laws of the State of Texas and is exempt from federal income tax under section 501(c)(3).

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Foundation conform to accounting principles generally accepted in the United States of America. Policies and practices which materially affect the determination of financial position are summarized as follows:

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions - Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount will be recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity.

Contributions, and related gains and investment income, received with donor-imposed restrictions that are met in the same year as received are reported as revenues of net assets without donor restrictions.

Contributions of land, building and equipment without donor stipulations concerning the use of such long-lived assets are reported as an increase to net assets without donor restrictions. Contributions of cash or other assets to be used to acquire land, building and equipment with such donor stipulations are reported as an increase to net assets with donor restrictions; the restrictions are considered to be released at the time the assets are placed in service.

Cash and Cash Equivalents

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

Grants Receivable

Grants receivable represents differences in timing of amounts spent and the related reimbursement of grant funds. Management considers these amounts fully collectible as of September 30, 2021 and accordingly, no allowance for doubtful accounts has been recorded.

Investments

Investments are carried at fair value. Unrealized and realized gains and losses are recorded in the accompanying Statement of Activities as "Net investment gain on beneficial interest in assets held by Community Foundation of Abilene". Cost basis of assets sold is determined by specific identification.

Revenue Recognition

The Foundation receives funding from grant programs. The governmental agency determined funding is based on the services provided based on the grant agreement. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as grant funds received in advance. Grants that are considered exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Federal Income Taxes

The Foundation is a not-for-profit organization that is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for Federal income taxes is reflected in the accompanying financial statements. In accordance with ASC 740-10, "Accounting for Uncertainty in Income Taxes" management has evaluated the Foundation's tax positions and concluded that the Foundation had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. With few exceptions the Foundation is no longer subject to income

tax examinations by the U.S. federal, state or local tax authorities for three years prior to the most recent tax filing.

Subsequent Events

Management has evaluated subsequent events through June 21, 2022, the date the financial statements were available to be issued.

Recent Accounting Pronouncements

Adopted

ASU 2014-09

In May 2014, the Financial Accounting Standards Board (FASB) and International Accounting Standards Board (IASB) issued substantially converged final standards on revenue recognition. The FASB's Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, was issued in three parts: (1) Section A, "Summary and Amendments That Create Revenue from Contracts with Customers and Other Assets and Deferred Costs – Contracts With Customers"; (2) Section B, "Conforming Amendments to Other Topics and Subtopics in the Codification and Status Tables"; and (3) Section C, "Background Information and Basis for Conclusions". In August 2015, ASU 2015-14 Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date was issued.

ASU 2014-09 provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance, including industry-specific guidance, in current U.S. generally accepted accounting principles (GAAP). This standard will help with improved comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. With the delayed date with ASU 2015-14, the guidance is now effective for public business entities, certain not-for-profit entities, and certain employee benefit plans for annual reporting periods beginning after December 15, 2018. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2017. All other entities should apply the guidance in Update 2014-09 to annual reporting periods beginning after December 31, 2019.

These revenue recognition standards were implemented during the fiscal year ended September 30, 2021. Due to the type of revenue streams of the Foundation, the implementation did not significantly affect the Foundation. The primary revenue streams consist of nonexchange revenue sources in which the standards do not apply.

ASU 2018-13

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2018-13, Fair Value Measurement (Topic 820): *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. The amendments in this Update removed the following disclosure requirements: 1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; 2) the policy for timing of transfers between levels; 3) the valuation processes for Level 3 fair value measurements; and 4) for nonpublic entities, the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. The amendments in this Update modified the following disclosure requirements: 1) in lieu of a roll-forward for Level 2 fair value measurements, a nonpublic entity is required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities; 2) for investments in certain entities that calculate net asset value, and entity is required to disclose the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing

to the entity or announced the timing publicly; and 3) the amendments clarify that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. The amendments in this disclosure also added disclosure requirements to Topic 820; however, these added disclosures are only required for public entities. The Foundation adopted this standard retrospectively during the year ended September 30, 2021.

Not Adopted

ASU 2016-02

The FASB finalized the standard on leases in ASU 2016-02 *Leases* in February 2016. This update was 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. The core principle is that the lessee should recognize the assets and liabilities that arise from leases. All leases create an asset and a liability for the lessee and therefore recognition of those lease assets and lease liabilities represent an improvement over previous GAAP. Under the guidance a lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. Additional guidelines for finance leases, operating leases and lessors is included in the guidance. The amendments will be effective for fiscal years beginning after December 15, 2018 for not-for-profit entities that have issued or is a conduit bond obligor. For all other entities the amendments are effective for fiscal years beginning after December 15, 2021.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the American Institute of Certified Public Accountants did not or are not believed by management to have a material impact on the Foundation's present or future 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the September 30, 2021 statement of financial position date, comprise the following:

Financial assets:		
Cash and cash equivalents	\$	10,509
Grants receivable		50,249
Beneficial interest in assets held by Community Foundation of Abilene		<u>69,790</u>
Total Financial assets		<u>130,548</u>
Less:		
Beneficial interest in assets held by Community Foundation of Abilene		<u>(69,790)</u>
Financial assets available within one year to meet cash needs for general expenditures	\$	<u><u>60,758</u></u>

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The beneficial interest in assets held by Community Foundation of Abilene were reduced from the financial assets as these assets are less liquid and not characterized by the Foundation as being available for general expenditures, however distributions from these interests are made and expected on an annual basis, some of which can be used for general expenditures.

NOTE 4: GRANTS RECEIVABLE

The Foundation was granted funds from the U.S. Department of Veterans Affairs, Texas Veterans Commission, and the U.S. Department of Health and Human Services. These are reimbursement grants and as of September 30, 2021, the following receivables were accrued:

U.S. Department of Veterans Affairs	\$	34,213
U.S. Department of Health and Human Services		<u>16,036</u>
Total Grants Receivable for Contracts	\$	<u><u>50,249</u></u>

NOTE 5: BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION OF ABILENE

The Foundation transferred \$50,000 to the Community Foundation of Abilene (“CFA”) in 2015, in which the Foundation was designated as the beneficiary. The Foundation has accounted for the transfer in accordance with ASC 958-605 as it relates to a recipient organization (the CFA) and specified beneficiary (the Foundation) under a reciprocal transaction that does not qualify as an equity transaction. Accordingly, the initial and any subsequent transfers of assets between the organizations are accounted for as an asset by the Foundation and a corresponding liability by the CFA. The asset has been adjusted to reflect its activity throughout the current year, as well as adjusted to its fair value, at September 30, 2021.

The agency fund agreement between the Foundation and the CFA states that the transfers to the CFA are to be known as the West Central Texas Regional Foundation Fund (the “Fund”). It is the intent of the Foundation that the Fund is an endowed fund for the benefit of the Foundation and the net earnings from the Fund shall be distributable to the Foundation, or as the Foundation directs, for qualified charitable purposes. The Fund and all net earnings are to be held exclusively for the Foundation. The assets of the Fund are to be held and administered by the CFA. Assets of the Fund may be invested and reinvested from time to time in any securities, obligations or other property of any kind that

the CFA may deem advisable, including, but not limited to, interest bearing accounts, certificates of deposit, and common trust funds administered by the CFA.

According to the Fund agreement, the Foundation is authorized to withdraw annually an amount not greater than four percent of a rolling twelve quarter average of the value of the Fund as of the previous January 31st. Any withdrawal in excess of the four percent limitation must be requested in writing certifying that the requested withdrawal has the approval of the Foundation's Board of Directors. The agreement does however allow the Foundation to withdrawal the entire outstanding balance of the Fund pending written certification of approval from the Foundation's Board of Directors. It is the intent of the Foundation to distribute the authorized four percent to the Foundation on an annual basis. Should the Foundation ever cease to exist or to perform its charitable functions, the CFA will make available distributions of the Fund to other qualified charitable organizations that provide similar services as the Foundation as defined in Section 501 (c)(3) of the Internal Revenue Code. The CFA will consider the original purpose of the Fund and those individuals, groups, or causes that the Foundation previously sought to benefit in making such distributions. During the year ended September 30, 2021, the Foundation withdrew \$2,226 for the benefit of the Foundation in accordance with the Fund agreement.

NOTE 6: COMMITMENTS AND CONTINGENCIES

The Foundation participates in federal programs that are fully or partially funded by grants or contracts received from various governmental entities. Expenditures financed by these grants and contracts are subject to audit by the appropriate grantor government agency. If expenditures are disallowed due to noncompliance with grant or contract program regulations, the Foundation may be required to reimburse the grantor government agency. As of September 30, 2021, some grant expenditures have not been audited, but the Foundation believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on the overall financial position of the Foundation.

NOTE 7: CONCENTRATIONS OF RISK

The Foundation maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the year, the Foundation may have balances at the financial institutions in excess of insured amounts.

The Foundation relies heavily on funding from the U.S. Department of Veterans Affairs and if funding from this agency was eliminated or significantly reduced, the operating capacity of the Foundation would be significantly altered. Revenues for the year ended September 30, 2021, related to the U.S. Department of Veterans Affairs, comprised 94% of total revenues. Grants receivable as of September 30, 2021, related to the U. S. Department of Veterans Affairs, comprised 68% of the balance.

NOTE 8: RELATED PARTIES

Accounts payable and accrued expenses at September 30, 2021 totaling \$50,249 are owed to a related party and represent temporary advances resulting from shared personnel, facilities, and other general and administrative expenses.

NOTE 9: FAIR VALUE MEASUREMENTS

ASC 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in ASC 820-10, 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. In determining fair value, the Foundation uses various methods including market, income, and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilized valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets.

Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

For fiscal year ended September 30, 2021, the application of valuation techniques applied to similar assets has been consistent. There were no transfers between levels during the year. The following is a description of the valuation methodologies used for instruments measured at fair value.

Beneficial interest in assets held by Community Foundation of Abilene: valued at the net asset value as a practical expedient reported by CFA at the reporting date. As such, these amounts are not included in the fair value hierarchy.

The following table presents the balances of assets measured at fair value:

Description	September 30, 2021	Fair Value Measurements at Reporting Date Using			
		(Level 1)	(Level 2)	(Level 3)	NAV
Beneficial interest in assets held by CFA	\$ 69,790	\$ -	\$ -	\$ -	\$ 69,790

The above assets that calculate fair value using net asset value per share or its equivalent have no unfunded commitments or redemption notice period and the redemption frequency is daily.

NOTE 10: EXPENSES BY NATURE AND FUNCTION

The following table presents expenses by both their nature and their function for the year ended September 30, 2021.

	SSVF (Program)	TCDD (Program)	General and Administrative (Supporting)	Total
Contract staff	\$ 675,309	\$ 46,288	\$ 61,142	\$ 782,739
Program services	623,966	-	-	623,966
Facilities costs	71,026	-	-	71,026
Supplies	26,142	8,113	-	34,255
Copier, printing and publications	8,234	11,913	-	20,147
Travel, meetings and training	7,595	2,390	-	9,985
Telephone and communication	7,977	1,165	-	9,142
Postage and shipping	7,673	-	-	7,673
Outreach and education	2,757	-	-	2,757
	<u>\$ 1,430,679</u>	<u>\$ 69,869</u>	<u>\$ 61,142</u>	<u>\$ 1,561,690</u>

Expenses which apply to more than one functional category have been allocated among program and supporting services based on the time spent on these functions by specific employees as estimated by management. All other costs are charged directly to the appropriate functional category.

NOTE 11: UNCERTAINTIES

The COVID-19 outbreak in the United States has created economic uncertainties. The extent of the impact on future operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on Foundation's grant sources, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Foundation's future financial condition or results of operations is uncertain.

SUPPLEMENTAL, INTERNAL CONTROL, AND COMPLIANCE INFORMATION

June 21, 2022

To the Board of Directors
West Central Texas
Regional Foundation
Abilene, Texas

Independent Auditor's Report

**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**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Central Texas Regional Foundation (the "Foundation"), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 21, 2022.

Internal Control Over Financial Reporting

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

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

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.

Condley & Company, LLP

Certified Public Accountants

June 21, 2022

**To the Board of Directors
West Central Texas
Regional Foundation
Abilene, Texas**

Independent Auditor's Report

**Report on Compliance for Each Major Federal Program and on
Internal Control over Compliance Required by the Uniform Guidance**

Report on Compliance for Each Major Federal Program

We have audited West Central Texas Regional Foundation's (the "Foundation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended September 30, 2021. The Foundation's major federal programs are 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation's major federal programs 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 requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation'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 each major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, West Central Texas Regional Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

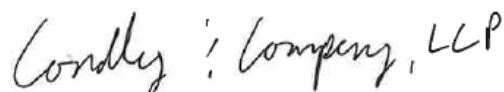
Report on Internal Control Over Compliance

Management of the Foundation 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 the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the Foundation'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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

WEST CENTRAL TEXAS REGIONAL FOUNDATION
Abilene, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2021

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued? Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? _____ Yes X No

One of more significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? _____ Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Type of auditor's 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>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
64.033	Supportive Services for Veteran Families Program

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

Auditee qualified as low-risk auditee? X Yes _____ No

A. Financial Statement Findings

The results of our audit procedures disclosed no findings to be reported for the year ended September 30, 2021.

B. Federal Award Findings and Questioned Costs

The results of our procedures disclosed no findings to be reported for the year ended September 30, 2021.

WEST CENTRAL TEXAS REGIONAL FOUNDATION
Abilene, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended September 30, 2021

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

WEST CENTRAL TEXAS REGIONAL FOUNDATION
Abilene, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2021

FEDERAL GRANTOR / PASS-THROUGH GRANTOR / PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Direct Program:			
Support Services for Veteran Families Program	64.033	2020-TX-141-20	\$ 287,216
Support Services for Veteran Families Program	64.033	2020-TX-141	593,147
Support Services for Veteran Families Program - CARES	64.033	2020-TX-141	511,210
Support Services for Veteran Families Program	64.033	2020-TX-141-21	<u>94,170</u>
Total U.S. Department of Veterans Affairs			<u>1,485,743</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Texas Council of Developmental Disabilities: Developmental Disabilities Basic Support and Advocacy Grants	93.630	13349	<u>75,947</u>
Total U.S. Department of Health and Human Services			<u>75,947</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u><u>\$ 1,561,690</u></u>

Notes to Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Foundation under programs of the federal government for the year ended September 30, 2020. 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and Audits of States, Local Governments, and Non-Profit Organizations. All federal awards received directly from federal agencies are included in the schedule. Because the schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures of federal awards are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The Foundation has elected to use the 10% de minimus indirect cost rate.