

Women in Need of Generous Support

Financial Statements
and Single Audit Reports and Schedules

June 30, 2023



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Women in Need of Generous Support ("WiNGS"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 WiNGS as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. 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 WiNGS and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Change in Accounting Principle

As described in Note 2 to the financial statements, the WiNGS has adopted ASU 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to that matter.

Correction of Error

As discussed in Note 3 to the financial statements, WiNGS discovered errors in 2022 regarding the overstatement of pledges receivable, contribution revenue and ending net assets with donor restrictions. Accordingly, net assets with donor restrictions as of June 30, 2022 have been restated to correct the error. Our opinion is not modified with respect to this matter.

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WiNGS' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WiNGS' 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 WiNGS' 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 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*, 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 October 30, 2023, on our consideration of WiNGS' 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 the effectiveness of WiNGS' 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 WiNGS' internal control over financial reporting and compliance.



Armanino^{LLP}
Dallas, Texas

October 30, 2023

Women in Need of Generous Support
Statement of Financial Position
June 30, 2023

ASSETS

Cash	\$	939,691
Government grants receivable		607,985
Pledges receivable		395,638
Other assets		63,069
Right of use assets, net		1,218,378
Property and equipment, net		<u>46,541</u>
 Total assets	 \$	 <u><u>3,271,302</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$	49,413
Accrued expenses		335,209
Lease liabilities		1,251,217
Notes payable		<u>101,446</u>
Total liabilities		<u><u>1,737,285</u></u>
 Net assets		
Without donor restrictions		(164,354)
With donor restrictions		<u>1,698,371</u>
Total net assets		<u><u>1,534,017</u></u>
 Total liabilities and net assets	 \$	 <u><u>3,271,302</u></u>

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

Women in Need of Generous Support
Statement of Activities
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support, government funding and revenues			
Contributions	\$ 646,127	\$ 1,637,837	\$ 2,283,964
Program revenue	32,512	-	32,512
Special events, net of \$75,070 of expenses	341,822	-	341,822
Government grants	-	2,540,195	2,540,195
Net assets released from restriction	<u>3,515,228</u>	<u>(3,515,228)</u>	<u>-</u>
Total public support, government funding and revenues	<u>4,535,689</u>	<u>662,804</u>	<u>5,198,493</u>
Functional expenses			
Program services	<u>4,132,772</u>	<u>-</u>	<u>4,132,772</u>
Support services			
Management and general	334,635	-	334,635
Fundraising	<u>243,465</u>	<u>-</u>	<u>243,465</u>
Total support services	<u>578,100</u>	<u>-</u>	<u>578,100</u>
Total functional expenses	<u>4,710,872</u>	<u>-</u>	<u>4,710,872</u>
Change in net assets	<u>(175,183)</u>	<u>662,804</u>	<u>487,621</u>
Net assets, beginning of year, as previously reported	60,816	1,111,272	1,172,088
Correction of error (see Note 3)	<u>(49,987)</u>	<u>(75,705)</u>	<u>(125,692)</u>
Net assets, beginning of year, as restated	<u>10,829</u>	<u>1,035,567</u>	<u>1,046,396</u>
Net assets (deficit), end of year	<u>\$ (164,354)</u>	<u>\$ 1,698,371</u>	<u>\$ 1,534,017</u>

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

Women in Need of Generous Support
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Direct Benefit to Donor	Total
Salaries and benefits	\$ 3,215,835	\$ 142,619	\$ 11,376	\$ -	\$ 3,369,830
Professional fees	355,850	70,369	179,194	-	605,413
Rent	138,316	43,404	10,267	-	191,987
Other program expenses	115,858	-	-	-	115,858
Special events and food	-	-	-	75,070	75,070
Equipment and software	46,626	9,938	3,776	-	60,340
Recruitment	33,816	1,820	8,908	-	44,544
Occupancy and security	33,036	8,938	2,127	-	44,101
Conferences and seminars	38,488	774	468	-	39,730
Telephone	30,835	3,629	1,224	-	35,688
Depreciation and amortization	11,474	17,141	978	-	29,593
Insurance	21,880	3,744	1,467	-	27,091
Supplies	17,128	4,890	1,673	-	23,691
Licenses and fees	6,799	6,939	9,471	-	23,209
Transportation	20,501	44	41	-	20,586
Travel	19,228	-	-	-	19,228
Marketing and advertising	8,058	1,455	8,114	-	17,627
Other expenses	14,399	307	1,455	-	16,161
Repairs and maintenance	1,743	7,574	137	-	9,454
Membership and dues	1,257	5,102	242	-	6,601
Interest expense	-	5,939	-	-	5,939
Postage	1,645	9	2,547	-	4,201
Total	<u>4,132,772</u>	<u>334,635</u>	<u>243,465</u>	<u>75,070</u>	<u>4,785,942</u>
Special events and food	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,070)</u>	<u>(75,070)</u>
	<u>\$ 4,132,772</u>	<u>\$ 334,635</u>	<u>\$ 243,465</u>	<u>\$ -</u>	<u>\$ 4,710,872</u>

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

Women in Need of Generous Support
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities	
Change in net assets	\$ 487,621
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	26,429
Amortization of finance right of use asset	3,164
Amortization of operating right of use asset	150,899
Bad debt expense	250
Changes in operating assets and liabilities	
Government grants receivable	(347,114)
Pledges receivable	(240,815)
Other assets	(2,476)
Accounts payable	10,338
Accrued expenses	169,817
Lease liabilities	<u>(121,224)</u>
Net cash provided by operating activities	<u>136,889</u>
Cash flows from investing activities	
Purchases of property and equipment	<u>(25,054)</u>
Net cash used in investing activities	<u>(25,054)</u>
Cash flows from financing activities	
Principal payments on note payable	<u>(55,568)</u>
Net cash used in financing activities	<u>(55,568)</u>
Net increase in cash	56,267
Cash, beginning of year	<u>883,424</u>
Cash, end of year	<u><u>\$ 939,691</u></u>

Supplemental disclosure of cash flow information

Cash paid during the year for interest	\$ 5,939
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Supplemental schedule of noncash investing and financing activities

Right of use asset obtained in exchange for lease liability at July 1, 2022	\$ 389,095
Right of use assets obtained in exchange for lease liability during year	\$ 1,246,430
Early termination on right of use asset	\$ 263,084

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

Women in Need of Generous Support
Notes to Financial Statements
June 30, 2023

1. NATURE OF OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The consolidated financial statements of WiNGS have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). As such, WiNGS is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board may designate net assets without restrictions for specific purposes.
- *Net assets with donor restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of longlived assets are recognized as donor restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restrictions.

Women in Need of Generous Support
Notes to Financial Statements
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

Cash consists primarily of checking accounts with original maturities of three months or less. At times, WiNGS may maintain cash balances in financial institutions in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limits. WiNGS invests with financial institutions with strong credit ratings and has not experienced any such losses. Management believes WiNGS is not exposed to any significant credit risk related to cash balances.

Government grant receivables

WiNGS maintains government grant receivables due from state and other agencies for services performed and reviews all receivable balances that are over six months. As of June 30, 2023, an allowance for doubtful accounts was not considered necessary as all amounts are considered collectible.

Pledges receivable

Pledges receivables are recognized as revenues in the period that pledges or unconditional promises to give are received. These contributions are reduced by any allowance for uncollectible amounts and then discounted to their net present value if the collection period extends beyond the next fiscal year. WiNGS has evaluated all receivables and feels that they are fully collectible. Contributions of assets or services other than cash are recorded at their estimated fair value. All pledges receivable as of June 30, 2023 were due within one year; therefore, no discount was considered necessary.

Conditional promises to give are not included in contributions or pledges receivable until such time as the barriers and right of release/return have been overcome. WiNGS occasionally receives conditional promises to give which depend on the occurrence of future events that will bind the donor to pay on a particular date. Due to the uncertainty of the occurrence of the events, the contributions will not be recorded until the conditions are substantially met. As of June 30, 2023, \$560,000 of conditional contributions had not yet been recognized as certain barriers had not been overcome.

Revenue recognition

Grants that operate on a reimbursement basis are recognized on the accrual basis as revenues only to the extent of disbursements and commitments that are allowable for reimbursement. Revenues from special events are recognized when the events are held.

Women in Need of Generous Support
Notes to Financial Statements
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

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

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Shorter of the estimated useful life or
Leasehold improvements	remaining lease term
Computer equipment	3 - 5 years
Furniture and fixtures	5 - 10 years

Concentration of credit risk

For the year ended June 30, 2023, WiNGS received approximately 49% of its revenue from two governmental organizations. As of June 30, 2023, 56% of total grants and pledges receivables were due from the same two governmental organizations.

Functional expenses

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

Income tax status

WiNGS has been recognized by the Internal Revenue Service as a nonprofit corporation exempt from federal income tax on its income, under Section 501(c)(3) of the Internal Revenue Code. WiNGS does not believe there are any material uncertain tax positions and accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended June 30, 2023, there were no interest or penalties recorded or included in the financial statements. WiNGS is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

Women in Need of Generous Support
Notes to Financial Statements
June 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues, support and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the WiNGS' assessment of the allocation of functional expenses and useful lives of property and equipment.

New accounting pronouncement

In February 2016, FASB issued ASU 2016-02, Leases ("Topic 842") to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. WiNGS implemented this standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 through a cumulative effect adjustment with certain practical expedients available.

WiNGS elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, WiNGS recognized on July 1, 2022, operating right of use assets of \$389,095, operating lease liabilities of \$389,095, discounted using risk free rates ranging from 2.84% to 2.86%.

The standard did have a material impact on the presentation of WiNGS' statement of financial position (See Note 8), but did not have a material impact on the statement of activities, and the statement of cash flows. The most significant impact was the statement of financial position recognition of ROU assets and lease liabilities.

3. CORRECTION OF ERROR

During the prior fiscal year, WiNGS incorrectly recognized an agreement as an unconditional contribution when the agreement was a fee for service exchange transaction. Additionally, WiNGS recognized payments on previously recorded pledges receivable as contribution revenue instead of reducing the pledge receivable balance. As a result, the net assets with donor restrictions were overstated by \$75,705, net assets without donor restrictions were overstated by \$49,987, and pledges receivable were overstated by \$125,692 as of June 30, 2022. Contribution revenue and the change in net assets were also overstated by \$125,692 for the year ended June 30, 2022, due to the same error. The effect of the correction was to decrease beginning net assets with donor restrictions by \$75,705, decrease beginning net assets without donor restrictions by \$49,987, and to decrease beginning pledges receivable by \$125,692.

Women in Need of Generous Support
Notes to Financial Statements
June 30, 2023

4. LIQUIDITY

The table below presents financial assets available for general operating expenditures within one year at June 30, 2023:

Financial Assets:	
Cash	\$ 939,691
Government grants receivable	607,985
Pledges receivable	<u>395,638</u>
	<u>1,943,314</u>
Less financial assets not available for general expenditure within one year:	
Net assets subject to purpose restrictions	<u>(1,486,782)</u>
	<u>(1,486,782)</u>
Total financial assets available to meet general expenditures within one year	<u><u>\$ 456,532</u></u>

WiNGS has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. During the year ended June 30, 2023, WiNGS obtained a line of credit of \$450,000 which is an additional form of liquidity (see Note 6).

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Leasehold improvements	\$ 3,154
Computer equipment	131,891
Furniture and fixtures	<u>302,440</u>
	437,485
Less: Accumulated depreciation	<u>(390,944)</u>
	<u><u>\$ 46,541</u></u>

Total depreciation for the year ended June 30, 2023 was \$26,429.

6. NOTE PAYABLE AND LINE OF CREDIT

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

Women in Need of Generous Support
Notes to Financial Statements
June 30, 2023

6. NOTE PAYABLE AND LINE OF CREDIT (continued)

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

The future maturities of the notes payable are as follows:

Year ending June 30,

2024	\$ 53,364
2025	<u>48,082</u>
	<u><u>\$ 101,446</u></u>

Total interest expense for the year ended June 30, 2023 was \$5,939.

On December 30, 2022, WiNGS executed an agreement with Truist Bank for a revolving line of credit ("LOC") up to \$450,000. The LOC bears interest at the monthly SOFR rate plus 2.1%. No draws have been made on the line of credit since inception and the LOC matures on December 31, 2023.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction consisted of the following as of June 30:

Subject to passage of time:	
Time restricted	<u>\$ 211,589</u>
Subject to purpose restrictions:	
Economic advancement	970,723
Nurse family partnership	406,379
Technology and rebranding	106,994
Other	2,686
	<u>1,486,782</u>
	<u><u>\$ 1,698,371</u></u>

Women in Need of Generous Support
Notes to Financial Statements
June 30, 2023

8. LEASES

WiNGS leases office and client support facilities under operating and finance lease agreements expiring in 2030. Lease expense totaled \$170,047 for the year ended June 30, 2023, and is included in rent expense in the statement of functional expenses.

The components of lease costs and additional lease information for operating leases are as follows:

Lease cost attributable to lease under contract	\$	48,646
Lease cost attributable to terminated lease	\$	121,401
Weighted average remaining lease term		7.5 years
Weighted average discount rate		3.94%

The components of lease costs and additional lease information for financing leases are as follows:

Interest on lease liability	\$	599
Amortization of right of use asset	\$	3,164
Weighted average remaining lease term		3.67 years
Weighted average discount rate		2.86%

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>	<u>Operating</u>	<u>Financing</u>	<u>Total</u>
2024	\$ 143,341	\$ 3,336	\$ 146,677
2025	194,893	3,336	198,229
2026	199,923	2,224	202,147
2027	204,952	-	204,952
2028	209,982	-	209,982
Thereafter	<u>490,376</u>	<u>-</u>	<u>490,376</u>
	1,443,467	8,896	1,452,363
Less: Imputed Interest	<u>(200,806)</u>	<u>(340)</u>	<u>(201,146)</u>
	<u>\$ 1,242,661</u>	<u>\$ 8,556</u>	<u>\$ 1,251,217</u>

9. COMMITMENTS AND CONTINGENCIES

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

Women in Need of Generous Support
Notes to Financial Statements
June 30, 2023

9. COMMITMENTS AND CONTINGENCIES (continued)

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

10. EMPLOYEE BENEFIT PLAN

In May 2016, WiNGS established the WiNGS 401(k) Retirement Plan, a defined contribution plan qualified under Section 401(k) of the Internal Revenue Code. Employees who have one year of service with a minimum of 1,000 hours are eligible to participate in the Plan. WiNGS makes a 3% non-elective contribution of employees' base salaries which is immediately 100% vested; and a 33% match of employees' deferrals up to 6% of employee's salaries (which vests according to a 3-year vesting schedule). Employer contributions for the year ended June 30, 2023 were \$71,755.

11. SUBSEQUENT EVENTS

WiNGS has evaluated subsequent events through October 30, 2023, the date which the financial statements were available to be issued, noting no events to disclose.

SINGLE AUDIT REPORTS AND SCHEDULES



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Women in Need of Generous Support ("WiNGS"), which comprise the statement of financial position as of June 30, 2023, 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 October 30, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether WiNGS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Women in Need of Generous Support's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WiNGS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WiNGS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Armanino^{LLP}
Dallas, Texas

October 30, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Women in Need of Generous Support ("WiNGS")'s 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 WiNGS's major federal programs for the year ended June 30, 2023. WiNGS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, WiNGS 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 June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of WiNGS 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 WiNGS'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 WiNGS's federal programs.

Auditor's 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 WiNGS's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about WiNGS's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding WiNGS'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 WiNGS's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of WiNGS'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 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 Auditor's 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. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
Dallas, Texas

October 30, 2023

Women in Need of Generous Support
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>		
U.S. Department of Health and Human Services		
Pass-through program from Texas Department of Family and Protective Services:		
Temporary Assistance for Needy Families Program/Texas Nurse - Family Partnership	93.558	\$ 1,521,062
Community-Based Child Abuse Prevention Grants	93.590	90,000
Temporary Assistance for Needy Families Program/Covid Funding	93.558	<u>77,803</u>
		<u>1,688,865</u>
 Total U.S. Department of Health and Human Services		 <u>1,688,865</u>
 Total Expenditures of Federal Awards		 <u>\$ 1,688,865</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

Women in Need of Generous Support
Notes to Schedule of Expenditures of Federal Awards
June 30, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Women in Need of Generous Support ("WiNGS") under programs of the federal government for the year ended June 30, 2023. 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). Because the Schedule presents only a selected portion of the operations of WiNGS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of WiNGS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

WiNGS has elected to use the 10 percent de minimis indirect cost rate as allowed in the Uniform Guidance.

Women in Need of Generous Support
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	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 2 CFR 200.516(a)?	No
Identification of major programs:	
<u>Name of Federal Program or Cluster</u>	<u>AL Number</u>
Temporary Assistance for Needy Families (TANF)	93.558
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Women in Need of Generous Support
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

Finding number:	2023-001
Criteria:	Policies and procedures over revenue recognition are critical to reduce the risk that errors will occur and go undetected and/or uncorrected, which could lead to financial records being misstated. Internal control procedures should be in place related to proper review of revenue recognition.
Condition:	Policies and procedures were not in place to ensure the correct application of revenue recognition standards to grant and pledge agreements.
Cause:	During the previous year ended June 30, 2022, the full balance for a fee-for-service contract was recorded as a pledge receivable and contribution revenue. Additionally, payments on an existing pledge receivable was recorded as revenue instead of reducing the related pledge receivable balance.
Effect or potential effect:	The beginning net assets with and without donor restriction as of June 30, 2022 were overstated by \$75,705 and \$49,987, respectively and the beginning pledge receivable balance was overstated by \$125,692 as of June 30, 2022.
Recommendation:	We recommend that the Organization implement a process to review and evaluate each grant and pledge agreement to determine the proper revenue recognition treatment. The Accounting Standards Codification includes a flow chart tool which the Organization can include in its process to help evaluate new grant and contract agreements.
View of responsible officials:	Management agrees with the auditor's recommendation. Future awards will be evaluated based on stipulations documented in the award notification. The CDO will present overview of award with recommendations. When necessary, the CDO will request donor clarification if documents are unclear on conditions of award. The CFO will review award documents against Accounting Standards and make final decision on award recognition. This process will be implemented immediately.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Women in Need of Generous Support
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

There were no prior year findings.

Finding number: 2023-001

Criteria: Policies and procedures over revenue recognition are critical to reduce the risk that errors will occur and go undetected and/or uncorrected, which could lead to financial records being misstated. Internal control procedures should be in place related to proper review of revenue recognition.

Condition: Policies and procedures were not in place to ensure the correct application of revenue recognition standards to grant and pledge agreements.

Cause: During the previous year ended June 30, 2022, the full balance for a fee-for service contract was recorded as a pledge receivable and contribution revenue. Additionally, payments on an existing pledge receivable were recorded as revenue instead of reducing the related pledge receivable balance.

Effect or potential

effect: The beginning net assets with and without donor restriction as of June 30, 2022 were overstated by \$75,705 and \$49,987, respectively and the beginning pledge receivable balance was overstated by \$125,692 as of June 30, 2022.

Recommendation: We recommend that the Organization implement a process to review and evaluate each grant and pledge agreement to determine the proper revenue recognition treatment. The Accounting Standards Codification includes a flow chart tool which the Organization can include in its process to help evaluate new grant and contract agreements.

View of responsible officials:

Prior year adjustments were made based on advice of previous audit team.

Future awards will be evaluated based on stipulations documented in the award notification. The CDO will present overview of award with recommendations. When necessary, the CDO will request donor clarification if documents are unclear on conditions of award. The CFO will review award documents against Accounting Standards and make final decision on award recognition.