

Healthy Futures of Texas

Financial Statements
and Compliance Report

December 31, 2021 and 2020



Healthy Futures of Texas

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Independent Auditor's Report

To the Board of Directors of
Healthy Futures of Texas

Opinion

We have audited the accompanying financial statements of Healthy Futures of Texas (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 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 Healthy Futures of Texas as of December 31, 2021 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. 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 Healthy Futures of Texas 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Healthy Futures of Texas's 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 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.

Independent Auditor's Report (Continued)

In performing an audit in accordance with generally accepted 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 purposes of expressing an opinion on the effectiveness of Healthy Futures of Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Healthy Futures of Texas's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Healthy Futures of Texas as of and for the year ended December 31, 2021, and have issued our report thereon dated June 9, 2022, which contains an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 21, is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also included our Compliance Report dated June 9, 2022 on pages 16-23, on our consideration of Healthy Futures of Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Healthy Futures of Texas's internal control over financial reporting and compliance.

Independent Auditor's Report (Continued)

Report on Summarized Comparative Information

We have previously audited Healthy Futures of Texas's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 12, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schrive, Carmona & Company, PLLC

San Antonio, Texas

June 9, 2022

Financial Statements

Healthy Futures of Texas

Statements of Financial Position December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|-------------------|
| Assets | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 804,732 | \$ 454,772 |
| Accounts Receivable | 988,369 | 299,624 |
| Prepaid Expenses | 11,350 | 1,179 |
| Total Current Assets | <u>1,804,451</u> | <u>755,575</u> |
| Property and Equipment | | |
| Property and Equipment | 5,500 | 5,500 |
| Accumulated Depreciation | <u>(5,500)</u> | <u>(5,500)</u> |
| Total Property and Equipment, net | <u>-</u> | <u>-</u> |
| Lease Deposit | <u>2,401</u> | <u>2,401</u> |
| Total Assets | <u>\$ 1,806,852</u> | <u>\$ 757,976</u> |
| Liabilities and Net Assets | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 71,241 | \$ 29,949 |
| Accrued Payroll Liability | 25,537 | 55,416 |
| Accrued Compensated Absences | 40,809 | 47,268 |
| Deferred Revenue | 26,250 | - |
| Total Current Liabilities | <u>163,837</u> | <u>132,633</u> |
| Total Liabilities | <u>163,837</u> | <u>132,633</u> |
| Net Assets: | | |
| Without Donor Restrictions | 192,281 | 319,655 |
| With Donor Restrictions | <u>1,450,734</u> | <u>305,688</u> |
| Total Net Assets | <u>1,643,015</u> | <u>625,343</u> |
| Total Liabilities and Net Assets | <u>\$ 1,806,852</u> | <u>\$ 757,976</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

Healthy Futures of Texas

Statement of Activities

Year Ended December 31, 2021 (with Comparative Totals for the Year Ended December 31, 2020)

| | 2021 | | | 2020 Totals |
|---|-------------------------------|---------------------------|---------------------|-------------------|
| | Without Donor Restrictions | With Donor Restriction | Totals | |
| Support and Revenues | | | | |
| <i>Support:</i> | | | | |
| Individual Gifts and Donations | \$ 48,760 | \$ - | \$ 48,760 | \$ 18,710 |
| Corporate/Organization Grants | 11,667 | - | 11,667 | - |
| Government Grants | 410,950 | 595,848 | 1,006,798 | 1,233,462 |
| Foundation Contracts | 84,333 | 1,573,002 | 1,657,335 | 472,500 |
| Local Contracts | 1,464 | - | 1,464 | 868 |
| Special Events, Net of Expenses of \$4,482 and \$6,104 for 2021 and 2020, respectively | 34,937 | - | 34,937 | 53,496 |
| Net Assets Released from Restrictions | 1,027,394 | (1,027,394) | - | - |
| <i>Revenues:</i> | | | | |
| Program Service Fees | 38,969 | 3,590 | 42,559 | 6,851 |
| Curriculum Sales | 8,576 | - | 8,576 | 3,325 |
| Interest | - | - | - | 19 |
| Gain on Extinguishment of Debt | - | - | - | 195,207 |
| Total Support and Revenues | 1,667,050 | 1,145,046 | 2,812,096 | 1,984,438 |
| Expenses | | | | |
| <i>Program Services:</i> | | | | |
| Big Decisions Program | 5,520 | - | 5,520 | 463,375 |
| Texas Women's Healthcare Coalition Program | 315,842 | - | 315,842 | 297,608 |
| Youth Advocacy Council | 29,323 | - | 29,323 | 35,059 |
| BAE-B-SAFE Program | 91,126 | - | 91,126 | - |
| Texas Foster Youth Health Initiative | 253,522 | - | 253,522 | - |
| SRAE Program | 86,096 | - | 86,096 | - |
| C-PREP Program | 41,753 | - | 41,753 | - |
| Parent Education Program | - | - | - | 10,714 |
| Teen Education Program | 632,627 | - | 632,627 | 682,167 |
| Total Program Services | 1,455,809 | - | 1,455,809 | 1,488,923 |
| <i>Support Services:</i> | | | | |
| General and Administrative | 333,283 | - | 333,283 | 394,040 |
| Fundraising | 5,332 | - | 5,332 | 223 |
| Total Expenses | 1,794,424 | - | 1,794,424 | 1,883,186 |
| Change in Net Assets | (127,374) | 1,145,046 | 1,017,672 | 101,252 |
| Net Assets at Beginning of Year | 319,655 | 305,688 | 625,343 | 524,091 |
| Net Assets at End of Year | \$ 192,281 | \$ 1,450,734 | \$ 1,643,015 | \$ 625,343 |

The Accompanying Notes are an Integral Part of These Financial Statements.

Healthy Futures of Texas

Statement of Functional Expenses

Year Ended December 31, 2021 (with Comparative Totals for the Year Ended December 31, 2020)

| | Program Services | | | | | | | | Total Program Services |
|-------------------------------------|-----------------------------|--|------------------------------|-------------------------------|--|------------------|-------------------|------------------------------|------------------------------|
| | Big Decisions Program | Texas Women's Healthcare Coalition Program | Youth Advocacy Council | BAE- B- SAFE Program | Texas Foster Youth Health Initiative | SRAE Program | C-PREP Program | Teen Education Program | |
| Personnel and Benefits | \$ 81 | \$ 276,918 | \$ 21,574 | \$ 39,636 | \$ 232,913 | \$ 28,417 | \$ 16,605 | \$ 326,895 | \$ 943,039 |
| Worker's Compensation | - | - | - | - | - | - | - | - | - |
| Total Salaries and Related Expenses | <u>81</u> | <u>276,918</u> | <u>21,574</u> | <u>39,636</u> | <u>232,913</u> | <u>28,417</u> | <u>16,605</u> | <u>326,895</u> | <u>943,039</u> |
| Other Operating Expenses: | | | | | | | | | |
| Administrative Fees | - | - | - | - | - | - | - | - | - |
| Accounting and Bookkeeping Fees | 22 | 7 | - | - | - | 760 | 1,375 | 6,720 | 8,884 |
| Books, Subscriptions, and Materials | 119 | 7,954 | - | 336 | 4,206 | 11,673 | - | 96 | 24,384 |
| Conferences and Meetings | 49 | 829 | 244 | - | 995 | - | - | 416 | 2,533 |
| Contracts | - | - | - | - | - | - | - | 198,697 | 198,697 |
| Equipment | - | 33 | 1,247 | 2,058 | 464 | - | - | 88 | 3,890 |
| Information Technology | - | - | - | - | - | 40 | 130 | - | 170 |
| Insurance | - | - | - | - | - | - | - | 1,386 | 1,386 |
| Licenses and Permits | 125 | 307 | - | - | - | - | - | - | 432 |
| Marketing | 225 | 616 | 154 | - | 482 | - | - | - | 1,477 |
| Membership Dues | - | 1,001 | - | - | - | - | - | - | 1,001 |
| Postage and Shipping | 113 | - | 200 | 65 | 657 | - | - | 90 | 1,125 |
| Pre-Employment Administrative | - | - | - | 55 | - | 55 | - | 165 | 275 |
| Printing and Copying | 2,701 | 2,276 | 975 | - | 8 | - | - | 935 | 6,895 |
| Professional Fees | 981 | 14,809 | 732 | 38,990 | 667 | 41,293 | 18,807 | 75,977 | 192,256 |
| Rent, Parking, and Other Occupancy | - | 7,370 | 150 | - | - | 1,683 | 2,960 | 8,589 | 20,752 |
| Staff Development | - | 526 | 200 | - | 2,585 | - | - | 562 | 3,873 |
| Supplies | 826 | 1,495 | 3,706 | 9,049 | 6,200 | 2,161 | 1,876 | 8,763 | 34,076 |
| Telephone and Internet | - | 1,110 | - | - | - | - | - | 1,991 | 3,101 |
| Travel | 278 | 591 | 141 | 937 | 4,345 | 14 | - | 1,257 | 7,563 |
| Total Expenses | <u>\$ 5,520</u> | <u>\$ 315,842</u> | <u>\$ 29,323</u> | <u>\$ 91,126</u> | <u>\$ 253,522</u> | <u>\$ 86,096</u> | <u>\$ 41,753</u> | <u>\$ 632,627</u> | <u>\$ 1,455,809</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

Healthy Futures of Texas

Statement of Functional Expenses (Continued)

Year Ended December 31, 2021 (with Comparative Totals for the Year Ended December 31, 2020)

| | Support Services | | | 2021 Totals | 2020 Totals |
|-------------------------------------|----------------------------------|-----------------|------------------------------|----------------------------|---------------------|
| | General and Administrative | Fundraising | Total Support Services | | |
| Personnel and Benefits | \$ 237,789 | \$ 76 | \$ 237,865 | \$ 1,180,904 | \$ 1,092,755 |
| Worker's Compensation | 888 | - | 888 | 888 | 197 |
| Total Salaries and Related Expenses | <u>238,677</u> | <u>76</u> | <u>238,753</u> | <u>1,181,792</u> | <u>1,092,952</u> |
| Other Operating Expenses: | | | | | |
| Administrative Fees | - | - | - | - | 21 |
| Accounting and Bookkeeping Fees | 19,598 | 756 | 20,354 | 29,238 | 8,370 |
| Books, Subscriptions, and Materials | 1,217 | - | 1,217 | 25,601 | 6,885 |
| Conferences and Meetings | - | - | - | 2,533 | 1,305 |
| Contracts | - | - | - | 198,697 | 299,613 |
| Equipment | 2,941 | - | 2,941 | 6,831 | 3,289 |
| Information Technology | 1,630 | - | 1,630 | 1,800 | 1,650 |
| Insurance | 2,731 | - | 2,731 | 4,117 | 3,718 |
| Licenses and Permits | - | - | - | 432 | 225 |
| Marketing | 5,808 | - | 5,808 | 7,285 | 16,227 |
| Membership Dues | 2,687 | - | 2,687 | 3,688 | 2,683 |
| Postage and Shipping | 357 | 98 | 455 | 1,580 | 837 |
| Pre-Employment Administrative | 150 | - | 150 | 425 | 224 |
| Printing and Copying | 4,324 | - | 4,324 | 11,219 | 7,332 |
| Professional Fees | 23,023 | 2,075 | 25,098 | 217,354 | 336,099 |
| Rent, Parking, and Other Occupancy | 20,330 | - | 20,330 | 41,082 | 48,786 |
| Staff Development | 120 | - | 120 | 3,993 | 1,997 |
| Supplies | 3,598 | 2,221 | 5,819 | 39,895 | 34,990 |
| Telephone and Internet | 5,719 | - | 5,719 | 8,820 | 5,934 |
| Travel | 373 | 106 | 479 | 8,042 | 10,049 |
| Total Expenses | <u>\$ 333,283</u> | <u>\$ 5,332</u> | <u>\$ 338,615</u> | <u>\$ 1,794,424</u> | <u>\$ 1,883,186</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

Healthy Futures of Texas

Statements of Cash Flows Years Ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|-------------------|
| Cash Flows From Operating Activities: | | |
| Change in Net Assets | \$ 1,017,672 | \$ 101,252 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities: | | |
| Gain on Extinguishment of Debt | - | (195,202) |
| (Increase) Decrease in: | | |
| Accounts Receivable | (688,745) | 15,137 |
| Prepaid Expenses | (10,171) | 267 |
| Increase (Decrease) in: | | |
| Accounts Payable | 41,292 | (90,339) |
| Accrued Payroll Liability | (29,879) | 7,877 |
| Accrued Compensated Absences | (6,459) | 43,290 |
| Deferred Revenue | 26,250 | - |
| Net Cash Provided (Used) by Operating Activities | <u>349,960</u> | <u>(117,718)</u> |
| Cash Flows From Financing Activities: | | |
| Proceeds from Paycheck Protection Program Loan | - | 195,202 |
| Net Cash Provided by Financing Activities | <u>-</u> | <u>195,202</u> |
| Net Increase in Cash | 349,960 | 77,484 |
| Cash and Cash Equivalents, Beginning of Year | <u>454,772</u> | <u>377,288</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 804,732</u> | <u>\$ 454,772</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Note A: Nature of Organization

The objective of the Healthy Futures of Texas (Healthy Futures) is to reduce teen and unplanned pregnancy in San Antonio and throughout Texas. Healthy Futures envisions a community where (1) young people are empowered to make healthy, informed decisions about sex; (2) planned pregnancies are the social norm; (3) all parents are prepared for the challenge of parenthood; and (4) all children are wanted, cherished, and cared for in a healthy environment. Healthy Futures was established in 2006 as a nonprofit organization and is governed by a Board of Directors, as well as a dedicated staff.

The specific programs that Healthy Future's provides include:

- *Big Decisions Program* is an abstinence-plus sex education curriculum authored by Dr. Janet Realini.
- *BAE-B-SAFE Program* is innovative sexual health programs in community colleges in Austin, and San Antonio.
- *C-PREP Program* is an innovative sexual health program for the Rio Grande Valley University.
- *Parent Education Program* provides parent empowerment workshops, where parents learn to communicate more effectively with their teens about sex and relationships.
- *SRAE Program* is a partnership with four youth-serving community agencies within Bexar County working towards the same goal – helping 13- to 19-year-olds make healthier decisions for their futures. We support young people by providing evidence-based programming that covers establishing healthy relationships.
- *Teen Education Program* provides an abstinence-plus sexuality education for teens in schools, community agencies, and faith organizations.
- *Texas Foster Youth Health Initiative* is building relationships across systems to promote optimal health for child welfare-involved youth.
- *Texas Women's Healthcare Coalition Program* is a statewide coalition dedicated to improving the health and well-being of women, babies, and families by assuring access to preventive healthcare for all Texas women.
- *Youth Advocacy Council Program* provides a group of high school students assistance to serve as youth educators and advocates on issues of adolescent sexual and reproductive health, with an emphasis on teen pregnancy prevention.

Note B: Summary of Accounting Principles

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). Net assets, support and revenue, and expenses are classified according to two classes of net assets:

- *Without Donor Restrictions* – net assets available for use in general operations and not subject to donor restrictions. Grant and contributions gifted for recurring programs of Healthy Futures generally are not considered “restricted” under GAAP, though for internal reporting Healthy Futures tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board of Directors are reported as Net Assets Without Donor Restrictions, Board Designated.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Note B: Summary of Accounting Principles (Continued)

Basis of Accounting

- *With Donor Restrictions* – net assets subject to donor-imposed stipulations that are more restrictive than Healthy Future’s mission and purpose. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fair Value of Financial Instruments

Healthy Future’s financial instruments include cash and cash equivalents, receivables, and payables. The carrying amount of these financial instruments as reflected in the Statements of Financial Position approximates fair value.

Methods Used for Allocation of Expenses among Program and Supporting Services

The financial statements of Healthy Futures report categories of expenses that are attributed to more than one program or support function. These expenses require allocation on a reasonable basis that is consistently applied. Below are the three methods employed by Healthy Futures to allocate these expenses during 2021:

- *Salary/Payroll*: Based on hours worked for each program and is recorded on the individual timesheets, signed by the employees and their respective supervisor. Salary/Exempt personnel is allocated based on a percentage of time devoted to each program/grant.
- *Direct Costs*: Expenditures directly related to a specific funding source/grant or program are charged directly to the specific program.
- *Indirect Costs*: Expenses that support grants/programs are allocated based on the budgeted amount approved by the grant/funding source. This allocation is based on the proposed expenditure calculated during the request for funding (Budget/Grant Application).

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, Healthy Futures considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents include all monies in checking, savings and money market accounts.

Accounts Receivable

Accounts receivable are principally due from governmental agencies and other major funding sources and are recorded based on amounts considered by management to be realizable. Healthy Futures records bad debt using the allowance method of accounting. As of December 31, 2021 and 2020, an allowance was not required because all amounts are considered by management to be fully realizable.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Note B: Summary of Accounting Principles (Continued)

Prepaid Expenses

Expenses recorded in advance of the service or product being received are deferred and carried in the Statements of Financial Position as prepaid expenses. For the years ended December 31, 2021 and 2020, prepaid expenses were **\$11,350** and \$1,179, respectively.

Property and Equipment

Healthy Futures established a policy for the recording of property and equipment. Healthy Futures will record all purchases with a useful life greater than one year and a cost or donated value of \$5,000 or greater. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Assets capitalized under the capitalization policy are maintained and depreciated over their useful life using the straight-line method of depreciation.

Compensated Absences

Healthy Futures permits eligible employees to accumulate earned, but unused vacation pay benefits up to certain limits. Upon resignation, an employee may receive pay for any unused accrued vacation. Unused sick leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated sick leave. No liability is reported for unpaid accumulated sick leave. Liabilities for compensated absences are accrued or recognized to the extent liabilities have matured (i.e. are due for payment).

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2021 and 2020 were **\$473** and \$1,138, respectively.

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair market values and are reported as an increase in net assets. Healthy Futures reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, With Donor Restrictions are reclassified to Without Donor Restrictions and reported in the Statement of Activities as Net Assets Released from Restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as Without Donor Restrictions.

Government funding is either recorded when advances are received or when expenses are incurred, as is the case on reimbursement grants.

Deferred Revenue

Contributions received that are conditional upon Healthy Futures providing a good or service or other condition are recorded as deferred revenue on the Statement of Financial Position and will be recorded as revenue once those conditions are met.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Note B: Summary of Accounting Principles (Continued)

Federal Income Taxes

Healthy Futures is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code (“IRC”) and therefore has made no provision for federal income taxes in the accompanying statements. In addition, Healthy Futures has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509 (a) for the IRC. Contributions to Healthy Futures are deductible to the extent allowed by law. There was no unrelated business income for the years ended December 31, 2021 and 2020. Healthy Futures is not subject to the Texas margin tax. Management is not aware of any tax position that would have a significant impact on its financial position.

Recently Issued Accounting Pronouncements

Future Adoption

In February 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*, effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. Under this new pronouncement, generally, leases with terms of more than 12 months will be recognized in the Statements of Financial Position as an asset (right to use leased asset) and a liability (lease liability). Management of Healthy Futures expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective for fiscal years beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Management of Healthy Futures expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Note C: Merger and Subsequent Event

Effective August 1, 2022, Healthy Futures of Texas will merge with two strong nonprofit organizations in Texas. The first organization is The Texas Campaign to Prevent Teen Pregnancy which provides statewide services and is based in Austin, Texas. The second organization is the North Texas Alliance to Reduce Unintended Pregnancy in Teens (Ntarupt). Ntarupt is a regional organization serving the Dallas area and is based in Dallas, Texas. The surviving entity is Healthy Futures of Texas and the new organization will continue with this name; the new organization will continue with this name and will use the same IRS EIN. The boards of the three organizations voted at their respective December 2021 board meetings to approve the intent to merge which allowed the three organizations to engage in the next steps of the merger process. After many months of collaboration and planning, the three boards are scheduled to vote on final resolutions to merge at their June 2022 meetings with a closing date of July 31, 2022.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Note D: Liquidity and Availability of Financial Assets

The following represents Healthy Future's financial assets at December 31, 2021 and 2020 available to meet general expenditures over the next twelve months:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|-------------------|
| Financial assets at year end: | | |
| Cash and cash equivalents | \$ 804,732 | \$ 454,772 |
| Accounts receivable | 988,369 | 299,624 |
| Total financial assets | <u>1,793,101</u> | <u>754,396</u> |
| Less those unavailable for general expenditures within one year, due to: | | |
| Net assets restricted at year end | 1,450,734 | 305,688 |
| Less net assets with timing restrictions to be met in less than one year | <u>(1,375,734)</u> | <u>(303,688)</u> |
| | <u>75,000</u> | <u>2,000</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 1,718,101</u> | <u>\$ 752,396</u> |

As part of Healthy Future's liquidity management, the organization strives to maintain financial assets to fund 90 days of operating expenses, which is approximately \$462,272. In addition, Healthy Futures has a \$50,000 Line of Credit (see Note H).

Note E: Concentrations

Credit Risk of Financial Instruments

Financial instruments which potentially subject Healthy Futures to a concentration of credit risk consist of its cash balances held at its financial institution. Healthy Futures maintains all bank accounts at one institution in San Antonio, Texas. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021 and 2020, Healthy Future's cash balance at its financial institution exceeded the insured FDIC limit by **\$551,014** and \$188,233, respectively. Healthy Futures has not experienced any losses in such account and management believes it is not exposed to a significant risk on its cash balance.

Concentrations of credit risk with respect to receivables are limited because such receivables result primarily from contracts with federal, state, and local governments.

Support and Revenue

Healthy Futures received **20%** and 52% of revenues from the Department of Health and Human Services for the years ended December 31, 2021 and 2020, respectively. Healthy Futures is dependent upon this governmental department to maintain the current levels of staffing and program services provided to the various communities Healthy Futures serves. Contracts with governmental departments and agencies are negotiated on an annual basis.

In addition, Healthy Futures received 24% of revenues from a local foundation and 10% from a state university for the year ended December 31, 2021.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Note F: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions at December 31 is summarized as follows:

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|-------------------------|-----------------------|
| Restricted by Time or Purpose | | |
| Texas Women's Healthcare | \$ 558,781 | \$ 215,915 |
| Teen Education | 174,008 | 89,773 |
| BAE-B-SAFE Program | <u>717,945</u> | <u>-</u> |
| Total With Donor Restrictions | <u>\$ 1,450,734</u> | <u>\$ 305,688</u> |

Note G: Leases

Healthy Futures maintains leases on facilities and equipment that expire at various terms until July 30, 2023. The following is a schedule of future minimum lease payments for operating leases that had initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2021:

| | |
|-----------|----------------------|
| 2022 | \$ 45,800 |
| 2023 | <u>2,842</u> |
| Total | <u>\$ 48,642</u> |

Total expense related to these leases was **\$46,191** and \$45,830 for the years ended December 31, 2021 and 2020, respectively, and is included in Printing and Copying, and Rent, Parking, and Other Occupancy in the Statement of Functional Expenses.

Note H: Pension Plan

Healthy Futures has a simple IRA retirement plan that allows employees to contribute up to \$12,500 of their annual pay to the plan. Healthy Futures currently matches up to 3% of each participating employee's salary to this plan. Healthy Future's total contribution for the years ended December 31, 2021 and 2020 were **\$17,493** and \$18,486, respectively.

Note I: Line of Credit

Healthy Futures has a \$50,000 line of credit with PNC Bank (formerly BBVA Compass Bank) to provide for working capital needs from time to time. The line of credit is revolving and is secured by all accounts of Healthy Futures. The line of credit bears an interest rate of prime plus 8.67%, which was **11.92%** and 11.92% at December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, the line of credit balance was \$0.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2021 and 2020

Note J: Commitments and Contingencies

Healthy Futures participates in several state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Healthy Futures has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note K: COVID-19 Risk and Uncertainty

The COVID-19 pandemic, whose effects first became known in January 2020, is having broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Healthy Futures is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on Healthy Future's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on Healthy Future's customers, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact Healthy Future's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Note L: Paycheck Protection Program Loan

On April 17, 2020, Healthy Futures received loan proceeds in the amount of \$195,202 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the businesses' average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. Healthy Futures used the PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness within 10 months of the end of the covered period. On November 26, 2020, Healthy Futures was granted 100% forgiveness and was legally released from the loan obligation. The forgiveness income is recorded as Gain on Extinguishment of Debt in the amount of \$195,202 in the Statement of Activities for the year ended December 31, 2020.

Note M: Reclassification

Certain amounts in the 2020 presentation have been reclassified to conform to the 2021 presentation.

Note N: Subsequent Events

Subsequent events have been evaluated through June 9, 2022, which is the date the financial statements were available to be issued.

Compliance Report

**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 Trustees of
Healthy Futures of Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Healthy Futures of Texas (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 June 9, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Healthy Futures of Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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* (Continued)**

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



Schrive, Carmona & Company, PLLC

San Antonio, Texas

June 9, 2022

**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
Healthy Futures of Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Healthy Futures of Texas's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Healthy Futures of Texas's major federal programs for the year ended December 31, 2021. Healthy Futures of Texas'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, Healthy Futures of Texas 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 December 31, 2021.

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 Healthy Futures of Texas and to meet our 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 Healthy Futures of Texas'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 Healthy Futures of Texas's federal programs.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance (Continued)

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 Healthy Futures of Texas'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 Healthy Futures of Texas'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 Healthy Futures of Texas'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 Healthy Futures of Texas'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 Healthy Futures of Texas'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 may exist that have not been identified.

**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance (Continued)**

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.



Schrivier, Carmona & Company, PLLC

San Antonio, Texas

June 9, 2022

Healthy Futures of Texas

Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2021

| <u>Federal Grantor/Pass through Grantor/Program Title</u> | <u>CFDA / AL Number</u> | <u>Grant ID Number</u> | <u>Grant Period</u> | | <u>Federal Grant Expended During the Year</u> |
|---|-------------------------|------------------------|---------------------|-----------|---|
| | | | <u>From</u> | <u>To</u> | |
| <i>U.S. Department of Health and Human Services</i> | | | | | |
| Competitive Personal Responsibility Education Program (Texas C-PREP Alamo Colleges Project) | 93.092 | 90AK0050-06-01 | 9/30/2020 | 3/29/2022 | \$ 530,848 |
| Competitive Personal Responsibility Education Program (Texas C-PREP Alamo Colleges Project) | 93.092 | 90AK0069-01-00 | 9/30/2021 | 9/29/2022 | 41,264 |
| | | | | | <u>572,112</u> |
| Healthy Futures of Texas SRAE Project: Faith-based and Community-based Populations | 93.060 | 90SR0135-01-00 | 9/30/2021 | 9/29/2022 | 85,086 |
| | | | | | <u>85,086</u> |
| <i>Passed through The University of Texas at Austin</i> Texas Foster Youth Health Initiative | 93.297 | UTA20-000986 | 7/15/2020 | 6/30/2023 | 250,547 |
| | | | | | <u>250,547</u> |
| <i>Total U.S. Department of Health and Human Services</i> | | | | | <u>907,745</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | | \$ <u><u>907,745</u></u> |

See Notes to Schedule of Expenditures of Federal Awards

Healthy Futures of Texas

Notes to Schedule of Expenditures of Federal Awards
December 31, 2021

Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Healthy Futures of Texas under programs of the federal government for the year ended December 31, 2021. 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 Healthy Futures of Texas it is not intended, and does not, present the financial position, changes in net assets or cash flows of Healthy Futures of Texas. Therefore, some amounts presented in the Schedule may differ from amounts presented in the financial statements.

All of Healthy Futures of Texas's federal awards were in the form of cash assistance for the year ended December 31, 2021.

Note B: Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 230, *Costs Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Healthy Futures of Texas has elected to not use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note C: Reconciliation to Statement of Activities in Financial Statements

| | | |
|---|----|------------------|
| Total Expenditures of Federal Awards | \$ | 907,745 |
| State Grants | | 34,053 |
| Local Government Grants | | <u>65,000</u> |
| Government Grants per Statement of Activities | \$ | <u>1,006,798</u> |

Healthy Futures of Texas

Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

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 deficiencies identified that are not considered to be material weakness(es)? | None reported |
| Noncompliance material to the financial statements? | No |

Federal Awards

| | |
|--|------------|
| Internal Control Over Major Programs: Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weakness(es)? | No |
| 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 Section 200.516? | No |

Identification of Major Programs:

| | |
|--------------------|---|
| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
| 93.297 | Texas Foster Youth Health Initiative |

| | |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| Auditee qualified as low-risk auditee? | Yes |

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no findings to be reported.

SECTION III - FEDERAL AWARD FINDINGS

There are no findings to be reported.