

Healthy Futures of Texas

Financial Statements
and Compliance Report

December 31, 2023 and 2022



Healthy Futures of Texas

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Independent Auditor's Report

To the Board of Directors of
Healthy Futures of Texas

Report on the Audit of the Financial Statements

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, 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 Healthy Futures of Texas as of December 31, 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. 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.

Report on Summarized Comparative Information

We have previously audited Healthy Futures of Texas's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Independent Auditor's Report (Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Schrive, Carmona & Company, PLLC

San Antonio, Texas

June 13, 2024

Financial Statements

Healthy Futures of Texas

Statements of Financial Position December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$ 2,394,732	\$ 2,514,513
Accounts Receivable	2,016,594	1,964,372
Prepaid Expenses	<u>5,588</u>	<u>5,188</u>
<i>Total Current Assets</i>	<u>4,416,914</u>	<u>4,484,073</u>
Property and Equipment, Net	86,744	-
Other Assets	2,461	2,461
Operating Lease Right-of-Use Assets	<u>84,011</u>	<u>2,220</u>
Total Assets	\$ <u>4,590,130</u>	\$ <u>4,488,754</u>
Liabilities and Net Assets		
<i>Current Liabilities:</i>		
Accounts Payable	\$ 119,575	\$ 234,975
Accrued Expenses	-	16,325
Payroll Liabilities	68,889	76,701
Accrued Compensated Absences	140,808	184,789
Operating Lease Liabilities, Current Portion	33,075	1,395
Deferred Revenue	<u>59,138</u>	<u>37,579</u>
<i>Total Current Liabilities</i>	<u>421,485</u>	<u>551,764</u>
Operating Lease Liabilities, less Current Portion	<u>51,689</u>	<u>832</u>
<i>Total Liabilities</i>	<u>473,174</u>	<u>552,596</u>
<i>Net Assets:</i>		
Without Donor Restrictions	2,221,625	2,973,660
With Donor Restrictions	<u>1,895,331</u>	<u>962,498</u>
<i>Total Net Assets</i>	<u>4,116,956</u>	<u>3,936,158</u>
Total Liabilities and Net Assets	\$ <u>4,590,130</u>	\$ <u>4,488,754</u>

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

Healthy Futures of Texas

Statement of Activities

Year Ended December 31, 2023 (with Comparative Totals for the Year Ended December 31, 2022)

	2023			2022 Totals
	Without Donor Restrictions	With Donor Restriction	Total	
Support and Revenues				
<i>Support:</i>				
Individual Gifts and Donations	\$ 339,399	\$ -	\$ 339,399	\$ 309,589
Corporate/Organization Grants	357,474	-	357,474	108,509
Government Grants	2,730,247	-	2,730,247	1,625,884
Foundation Contracts	773,112	1,815,888	2,589,000	1,326,326
Local Contracts	40,052	-	40,052	-
State Contracts	215,500	-	215,500	-
Contributed Nonfinancial Assets	72,360	-	72,360	29,726
Special Events, Net	42,144	-	42,144	-
Net Assets Released from Restrictions	883,055	(883,055)	-	-
<i>Revenues:</i>				
Program Service Fees	162,731	-	162,731	20,436
Curriculum Sales	61,023	-	61,023	42,786
Miscellaneous Revenue	6,767	-	6,767	4,817
Total Support and Revenues	5,683,864	932,833	6,616,697	3,468,073
Expenses				
<i>Program Services:</i>				
Advocacy Program	697,980	-	697,980	513,413
Awareness	483,771	-	483,771	115,255
Health Education	3,590,305	-	3,590,305	2,510,224
Training & Technical Assistance	191,216	-	191,216	21,155
Total Program Services	4,963,272	-	4,963,272	3,160,047
<i>Support Services:</i>				
General and Administrative	1,020,034	-	1,020,034	731,088
Fundraising	452,593	-	452,593	193,687
Total Expenses	6,435,899	-	6,435,899	4,084,822
Change in Net Assets	(752,035)	932,833	180,798	(616,749)
Net Assets at Beginning of Year	2,973,660	962,498	3,936,158	4,552,907
Net Assets at End of Year	\$ 2,221,625	\$ 1,895,331	\$ 4,116,956	\$ 3,936,158

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

Healthy Futures of Texas

Statement of Functional Expenses

Year Ended December 31, 2023 (with Comparative Totals for the Year Ended December 31, 2022)

	Program Services				Total Program Services
	Advocacy Program	Awareness	Health Education	Training & Technical Assistance	
Payroll and Benefits	\$ 385,751	\$ 271,376	\$ 1,936,468	\$ 99,828	\$ 2,693,423
Total Payroll and Benefits	385,751	271,376	1,936,468	99,828	2,693,423
Other Operating Expenses:					
Accounting and Bookkeeping Fees	8,986	6,213	86,217	792	102,208
Books, Subscriptions, and Materials	912	66	20,757	22	21,757
Conferences and Meetings	3,177	189	1,934	29	5,329
Contracts	69,881	-	691,920	1,000	762,801
Depreciation	-	574	3,504	188	4,266
Equipment	2,040	679	8,643	110	11,472
Information Technology	-	-	-	-	-
Insurance	944	728	4,449	238	6,359
Licenses and Permits	154	119	728	39	1,040
Marketing	1,123	46,762	202,457	7,165	257,507
Membership Dues	785	152	930	50	1,917
Other Expenses	2,066	335	2,591	5,612	10,604
Postage and Shipping	292	110	749	133	1,284
Pre-Employment Administrative	803	466	2,814	119	4,202
Printing and Copying	2,012	642	4,829	2,589	10,072
Professional Fees	114,851	103,220	225,722	9,431	453,224
Rent, Parking, and Other Occupancy	11,976	8,604	108,308	2,422	131,310
Staff Development	3,384	1,695	34,026	442	39,547
Software and IT Subscriptions	5,560	3,387	21,854	5,234	36,035
Supplies	27,927	21,583	72,241	5,839	127,590
Telephone and Internet	8,700	6,028	39,884	1,524	56,136
Travel & Meetings	46,656	10,843	119,280	48,410	225,189
Total Expenses	\$ 697,980	\$ 483,771	\$ 3,590,305	\$ 191,216	\$ 4,963,272

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

Healthy Futures of Texas

Statement of Functional Expenses (Continued)

Year Ended December 31, 2023 (with Comparative Totals for the Year Ended December 31, 2022)

	<u>Support Services</u>			2023 Totals	2022 Totals
	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>		
Payroll and Benefits	\$ 693,259	\$ 373,029	\$ 1,066,288	\$ 3,759,711	\$ 2,393,738
Total Salaries and Related Expenses	<u>693,259</u>	<u>373,029</u>	<u>1,066,288</u>	<u>3,759,711</u>	<u>2,393,738</u>
Other Operating Expenses:					
Accounting and Bookkeeping Fees	35,206	8,939	44,145	146,353	217,712
Books, Subscriptions, and Materials	175	1,866	2,041	23,798	17,957
Conferences and Meetings	237	398	635	5,964	14,275
Contracts	1,251	-	1,251	764,052	225,488
Depreciation	2,260	729	2,989	7,255	-
Equipment	884	424	1,308	12,780	11,401
Information Technology	-	-	-	-	17,924
Insurance	1,927	925	2,852	9,211	7,065
Licenses and Permits	316	152	468	1,508	72
Marketing	19,849	387	20,236	277,743	66,870
Membership Dues	403	194	597	2,514	1,330
Other Expenses	967	1,862	2,829	13,433	23,791
Postage and Shipping	176	1,079	1,255	2,539	1,971
Pre-Employment Administrative	958	1,514	2,472	6,674	9,869
Printing and Copying	1,140	1,506	2,646	12,718	18,959
Professional Fees	182,873	17,980	200,853	654,077	620,075
Rent, Parking, and Other Occupancy	22,491	9,381	31,872	163,182	84,015
Staff Development	3,562	2,284	5,846	45,393	17,573
Software and IT Subscriptions	3,245	6,503	9,748	45,783	-
Supplies	8,905	4,950	13,855	141,445	170,283
Telephone and Internet	6,205	5,824	12,029	68,165	26,781
Travel & Meetings	<u>33,745</u>	<u>12,667</u>	<u>46,412</u>	<u>271,601</u>	<u>137,673</u>
Total Expenses	\$ 1,020,034	\$ 452,593	\$ 1,472,627	\$ 6,435,899	\$ 4,084,822

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

Healthy Futures of Texas

Statements of Cash Flows Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 180,798	\$ (616,752)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	7,255	-
(Increase) Decrease in:		
Accounts Receivable	(52,222)	(646,720)
Prepaid Expenses	(400)	13,008
Other Assets	-	(60)
Operating Lease Right-of-Use Assets	(81,791)	(2,220)
Increase in:		
Accounts Payable	(115,400)	161,516
Accrued Expenses	(16,325)	(83,136)
Payroll Liabilities	(7,812)	51,164
Accrued Compensated Absences	(43,981)	143,980
Operating Lease Liabilities	82,537	2,227
Deferred Revenue	21,559	(476,677)
Net Cash Used by Operating Activities	<u>(25,782)</u>	<u>(1,453,670)</u>
Cash Flows From Investing Activities:		
Purchase of Property and Equipment	<u>(93,999)</u>	-
Net Cash Used by Investing Activities	<u>(93,999)</u>	-
Net Decrease in Cash	(119,781)	(1,453,670)
Cash and Cash Equivalents, Beginning of Year	<u>2,514,513</u>	<u>3,968,180</u>
Cash and Cash Equivalents, End of Year	\$ <u>2,394,732</u>	\$ <u>2,514,510</u>

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

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note A: Nature of Organization

Healthy Futures of Texas (Healthy Futures) is the newly expanded, statewide organization resulting from the 2022 merger of Ntarupt (North Texas Alliance to Reduce Unintended Pregnancy in Teens), the Texas Campaign to Prevent Teen Pregnancy, and Healthy Futures of Texas. The three nonprofits merged after a two-year planning period to have a greater statewide impact in improving the well-being of young Texans through equitable access to sexual health education, contraception, and resources.

The specific programs that Healthy Future's provides include:

- *Health Education:* Healthy Futures has been a leader in curriculum development since its founding in 2006. Health educators implement puberty and age-appropriate sexual health education for middle school students and sexual health education for junior and senior high school students. education for middle school students and sex education for junior and senior high school students. Higher education programming supports young adults in community colleges and university campuses in Austin, San Antonio, Dallas, and the Rio Grande Valley. Health educators also work with foster care agencies to provide sex education to youth within the foster care system in Texas. Programs designed for parents, caregivers, and trusted adults empower adults to talk about sex and relationships with their teens and prepare them to help teens navigate the healthcare system. Healthy Futures supports Texas public and charter schools, school health advisory councils, and communities through the Texas is Ready program. Texas is Ready assists partners in the implementation of high-quality sexual health education as every Texas youth deserves the information they need for a lifetime of healthy relationships and positive sexual health outcomes. Healthy Future also continues its work in curriculum development by identifying gaps in the sexual health education landscape and developing programs and materials to meet the needs.
- *Training and Technical Assistance:* Healthy Futures presents a statewide Symposium and offers presentations and discussions with youth-serving professionals from across Texas. In addition, Healthy Futures provides regional training events, training for partners, and youth summits across the state. Healthy Futures provides training and technical assistance for school districts across the state as they implement health education in accordance with Texas State Board of Education guidelines through the Texas is Ready program. Texas is Ready assists partners in the implementation of high-quality sexual health education as every Texas youth deserves the information they need for a lifetime of healthy relationships and positive sexual health outcomes.
- *Awareness:* Talk About It Texas is a state-wide media campaign inspiring conversations about sexual health and wellness. The media campaign reached several million community members in 2023 with empowering messaging..
- *Research and Data:* Healthy Futures conduces, analyzes, and disseminates research and data relevant to sexual health outcomes of youth and women. Healthy Futures uses research and data to inform decision making and provide partners with accurate information.
- *Advocacy:* Healthy Futures advocates for local and state policy priorities supported by data and the experiences of Texas youth and women. Healthy Futures staffs and manages the Texas Women's Healthcare Coalition which consists of healthcare, faith, and community-based member organizations dedicated to improving the health of Texas women, babies, and families by advocating for access to preventative care for all Texas women. Independently, Healthy Futures staff members educate and engage the Texas Legislature, State Board of Education, state agencies, local school districts, and municipal health departments.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

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.
- *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 2023:

- *Salary/Payroll*: Based on hours worked for each program and is recorded on the individual timesheets, electronically approved 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 a pro rata basis based on the number of full-time equivalent employees assigned to the component grants and programs.

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.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note B: Summary of Accounting Principles (Continued)

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, 2023 and 2022, an allowance was not required because all amounts are considered by management to be fully realizable.

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.

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. Assets listed as Construction in Progress are not depreciated.

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 as follow:

Software and Website	5 years
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Leases

Health Futures assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded in the Statement of Financial Position. Lease expense is recognized for these leases on a straight-line basis over the lease term. Healthy Futures has elected to apply the short-term lease exception to all leases with a term of 12 months or less.

Compensated Absences

Healthy Futures permits eligible employees to accumulate earned, but unused vacation pay benefits up to 120 hours. Upon resignation, an employee may receive pay for any unused accrued vacation up to 80 hours. 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).

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note B: Summary of Accounting Principles (Continued)

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2023 and 2022 was **\$390** and \$233, 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.

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, 2023 and 2022. 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.

Note C: Merger

Effective August 1, 2022, Healthy Futures of Texas merged 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. 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.

Healthy Futures of Texas, Texas Campaign, and NTARUPT had aligned missions and collaborated extensively to reduce unintended and unplanned teen pregnancies through charitable and educational activities and programs. The merger enables Healthy Futures to expand programs and activities throughout the state of Texas.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note C: Merger (Continued)

There were no significant adjustments made to conform the individual accounting policies of the merged organizations. However, one grant received by Texas Campaign was recorded as deferred revenue on its financial statements; under the judgment of management, the terms of the grant indicated that revenue could have been recognized and shown as restricted net assets. Accordingly, \$478,006 was recognized as restricted revenue as of the merger date. As of December 31, 2022, \$238,643 of that balance was released from restriction with the remaining balance of \$239,643 shown as Net Assets with Donor Restriction. The remaining balance was expended by June 30, 2023, in accordance with the grant terms.

For the year ended December 31, 2022 purposes, one full year of operating activity is presented for Healthy Futures of Texas and for both Texas Campaign and NTARUPT, operating activity is included for the five-month period August 1, 2022 through December 31, 2022. For the year ended December 31, 2023 Healthy Futures is reporting the first full year of activity post-merger.

Note D: Liquidity and Availability of Financial Assets

The following represents Healthy Future's financial assets at December 31, 2023 and 2022 available to meet general expenditures over the next twelve months:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,394,732	\$ 2,514,513
Accounts receivable	<u>2,016,594</u>	<u>1,964,372</u>
Total financial assets	<u>4,411,326</u>	<u>4,478,885</u>
Less those unavailable for general expenditures within one year, due to:		
Net assets restricted at year end	1,895,331	962,498
Less net assets with timing restrictions to be met in less than one year	<u>-</u>	<u>-</u>
	<u>1,895,331</u>	<u>962,498</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,515,995</u>	<u>\$ 3,516,387</u>

Healthy Future's regularly monitors liquidity to meets its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Healthy Futures has various resources of liquidity at its disposal, including cash and cash equivalents and various receivables. In addition to the financial assets available to meet general expenditures, Healthy Futures operates a balance budget and anticipates earned revenues and annual support contributions sufficient to cover general expenditures not provided by other donor restricted sources. Lastly, Healthy Futures has a line of credit (see **Note J**).

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 institutions 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, 2023 and 2022, Healthy Future's cash balance at its financial institution exceeded the insured FDIC limit by **\$2,113,677** and \$1,512,334, 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.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note E: Concentrations (Continued)

Credit Risk of Financial Instruments (Continued)

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 **40%** and 32% of revenues from the Department of Health and Human Services for the years ended December 31, 2023 and 2022, 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 **6%** and 15% of revenue from a state university for the years ended December 31, 2023 and 2022, respectively.

Note F: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions at December 31, 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Restricted by Purpose		
Advocacy	\$ 800,415	\$ 373,928
Health Education	1,004,124	498,540
Strategic Integration (Merger)	76,348	40,030
Marketing & Rebranding	<u>14,444</u>	<u>50,000</u>
Total With Donor Restrictions	<u>\$ 1,895,331</u>	<u>\$ 962,498</u>

Note G: Leases

Healthy Futures entered an office space operating lease in Austin, Texas during 2023 that expires on February 28, 2026. Furthermore, Healthy Futures has two copier operating leases: one concluding on July 31, 2024, and the other initiated in 2023, set to expire on November 15, 2028. The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following summarizes the line items in the statement of financial position which include amounts for operating right-to-use assets and lease liabilities as of December 31,:

	<u>2023</u>	<u>2022</u>
Operating Lease Right-of-Use Assets	\$ <u>84,011</u>	<u>\$ 2,220</u>
Operating Lease Liabilities, Current Portion	33,075	1,395
Operating Lease Liabilities, less Current Portion	<u>51,689</u>	<u>832</u>
Total Lease Liability	<u>\$ 84,764</u>	<u>\$ 2,227</u>

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note G: Leases (Continued)

The following summarizes the line items in the statement of activities which include the components of lease expense for the years ended December 31,:

	<u>2023</u>	<u>2022</u>
Operating Lease Expense Included in:		
Equipment	\$ 1,440	\$ 608
Rent, Parking, and Other Occupancy	\$ 25,532	\$ -
Printing and Copying	\$ 750	\$ -

The following summarizes the supplemental cash flow information for the years ended December 31,:

	<u>2023</u>	<u>2022</u>
Right-of-Use Assets Obtained in Exchange for Lease Liabilities		
Operating Leases	\$ 107,258	\$ 2,804

The following summarizes the weighted average remaining lease term and discount rate as of December 31,:

Weighted Average Remaining Lease Term (years)	
Operating Leases	2.58
Weighted Average Discount Rate	
Operating Leases	3.70%

The payment maturities of lease liabilities as of December 31, 2023 were as follows:

2024	\$ 35,819
2025	35,898
2026	9,759
2027	4,500
2028	<u>3,750</u>
Total Lease Payments	89,726
Less: Interest	<u>(4,962)</u>
Present Value of Lease Liabilities	<u>\$ 84,764</u>

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, 2023 and 2022 was **\$57,894** and \$27,153, respectively.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note I: Property and Equipment

Property and Equipment, Net of Accumulated Depreciation consisted of the following at December 31,:

	<u>2023</u>	<u>2022</u>
Software and Website	\$ 48,370	\$ -
Construction in Progress	45,629	-
Total Property and Equipment	93,999	-
Less: Accumulated Depreciation	(7,255)	-
Total Property and Equipment, Net of Accumulated Depreciation	\$ 86,744	\$ -

Depreciation expense for the years ended December 31, 2023 and 2022 was \$7,255 and \$0, respectively.

Note J: Line of Credit

On August 15, 2023, Healthy Futures entered into a \$50,000 revolving line of credit with Frost Bank. The line of credit is secured by all accounts of Healthy Futures and is set to mature August 14, 2024. The line of credit bears an interest rate of 0.75% over the prime rate, which was 9.25% at December 31, 2023. At December 31, 2023, the line of credit balance was \$0.

Note K: Contributed Nonfinancial Assets

Healthy Futures received contributed goods and services for the year ended December 31, 2023 and 2022 that were valued at fair value as follows:

	<u>2023</u>	<u>2022</u>
Donated Facilities	\$ 68,288	\$ 26,226
Donated Furniture	2,067	-
Professional Services	2,005	3,500
	\$ 72,360	\$ 29,726

Note L: 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 M: Reclassification

Certain amounts in the 2022 presentation have been reclassified to conform to the 2023 presentation. Net assets and change in net assets are unchanged due the reclassifications.

Healthy Futures of Texas

Notes to Financial Statements
Years Ended December 31, 2023 and 2022

Note N: Subsequent Events

Subsequent events have been evaluated through June 13, 2024, which is the date the financial statements were available to be issued.

Lease Renewal

On January 1, 2024, Healthy Futures renewed its lease agreement for office space. The renewed lease extends the occupancy of the premises for an additional two years. As a result of this renewal, the right-of-use asset and lease liability pertaining to this lease will be recognized and disclosed in the financial statements for the year ending December 31, 2024.

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, 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 June 13, 2024.

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.



Schriver, Carmona & Company, PLLC

San Antonio, Texas

June 13, 2024

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 identified as subject to audit 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, 2023. 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, 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, 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 13, 2024

Healthy Futures of Texas

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass through Grantor/Program Title	AL Number	Grant ID Number	Grant Period		Federal Grant Expended During the Year
			From	To	
<i>U.S. Department of Health and Human Services</i>					
Competitive Personal Responsibility Education Program (Texas C-PREP UTRGV)	93.092	90AK0069-02-00	10/1/2022	9/30/2023	\$ 654,291
Competitive Personal Responsibility Education Program (Texas C-PREP UTRGV)	93.092	90AK0069-03-00	10/1/2023	9/30/2024	127,233
					<u>781,524</u>
Healthy Futures of Texas SRAE Project: Faith-based and Community-based Populations	93.060	90SR0135-02-00	9/30/2022	9/29/2023	286,772
Faith-based and Community-based Populations	93.060	90SR0135-03-00	9/30/2023	9/29/2024	100,898
					<u>387,670</u>
Texas Pregnancy Prevention (TPP) Program	93.297	TPIAH000273-01-01	8/2/2022	12/31/2023	645,429
<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	385,021
Healthy Futures of Texas Talk About It Texas Project: Adolescent Health Programs	93.297	TPIAH000284-01-00	7/1/2023	6/30/2024	477,233
<i>Total U.S. Department of Health and Human Services</i>					<u>2,676,877</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ <u>2,676,877</u>

See Notes to Schedule of Expenditures of Federal Awards

Healthy Futures of Texas

Notes to Schedule of Expenditures of Federal Awards
December 31, 2023

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, 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 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, 2023.

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	\$	2,676,877
Local Government Grants		<u>53,370</u>
Government Grants per Statement of Activities	\$	<u>2,730,247</u>

Healthy Futures of Texas

Schedule of Findings and Questioned Costs
Year Ended December 31, 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 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>
93.092	Competitive Personal Responsibility Education Program

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

None

SECTION III - FEDERAL AWARD FINDINGS

None

Healthy Futures of Texas

Summary Status of Prior Year Audit Findings
Year Ended December 31, 2023

There are no findings from prior year that require an update in this report.