Montgomery County Women's Center

Financial Statements and Supplementary Information
For the Year Ended December 31, 2018

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Briggs & Veselka Co.
A PROFESSIONAL CORPORATION
Certified Public Accountants and Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Montgomery County Women's Center
Conroe, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Montgomery County Women's Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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To the Board of Directors of
Montgomery County Women's Center
Re: Independent Auditors' Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Montgomery County Women's Center as of December 31, 2018, 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.

Other Matters

Supplementary Information – Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules of revenue and expenditures of crime victims civil legal services grant is also presented for purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2019, on our consideration of Montgomery County Women's Center'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 the effectiveness of Montgomery County Women's Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Montgomery County Women's Center's internal control over financial reporting and compliance.

Briggs & Veselka Co.

Briggs & Veselka Co.
The Woodlands, Texas

April 23, 2019

ASSETS		
Cash and cash equivalents	$	1,556,354
Grant funds receivable		337,960
Other receivables		17,871
United Way funding receivable		249,777
Other assets		43,653
Property and equipment, net		4,382,950
TOTAL ASSETS	$	6,588,565
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$	82,799
Other accrued liabilities		159,546
Deferred revenue		61,050
Total liabilities		303,395
Net assets		
Without donor restrictions		6,174,954
With donor restrictions		110,216
Total net assets		6,285,170
TOTAL LIABILITIES AND NET ASSETS	$	6,588,565

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

MONTGOMERY COUNTY WOMEN'S CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Revenues and other support without donor restrictions	
State and federal financial awards	$ 1,228,337
Non-government grants	148,800
Contributions	2,169,674
United Way funding	570,898
Donated items sold to the public	1,303,284
Special events	216,001
Rent	58,639
Other	4,055
Total revenues and other support without donor restrictions	5,699,688
Net assets released from restrictions	47,269
Total revenues and other support without donor restrictions	5,746,957
Expenses	
Program services	
Residential programs	2,498,889
Outreach	537,280
Counseling and sexual assualt	1,168,775
Legal	398,226
Supporting services	
Management and General	454,069
Fundraising	
Resale shop	692,908
Other fundraising	37,704
Total expenses	5,787,851
Change in net assets without donor restrictions	(40,894)
Net assets with donor restrictions	
Reaching Pines/Shelter	31,622
Scholarships	34,950
Net assets released from restrictions	(47,269)
Change in net assets with donor restrictions	19,303
Change in net assets	(21,591)
Net assets, beginning of year	6,306,761
NET ASSETS, END OF YEAR	$ 6,285,170

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

MONTGOMERY COUNTY WOMEN'S CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services				Supporting Services			
			Counseling			Fundraising		
	Residential Programs	Outreach	and Sexual Assault	Legal	Management and General	Resale Shop	Other Fundraising	Total Expenses
Salaries/wages	$ 819,440	$ 269,714	$ 572,286	$ 292,007	$ 356,312	$ 337,252	$ -	$ 2,647,011
Fringe benefits	87,051	36,734	68,201	29,651	42,864	40,919	-	305,420
Assistance to individuals	1,179,831	161,626	449,053	35,936	-	-	-	1,826,446
Auto and travel	7,881	6,522	902	1,754	7,603	24,163	-	48,825
Depreciation	170,477	-	-	-	2,220	4,799	-	177,496
Insurance	16,964	1,419	9,592	2,577	3,365	11,612	-	45,529
Maintenance and repairs	35,281	291	642	291	7,228	9,011	-	52,744
Meetings and conferences	-	3,384	4,435	2,182	360	-	-	10,361
Office	41,601	26,203	12,186	6,785	7,684	8,482	7,995	110,936
Professional fees	11,669	3,558	8,347	9,972	4,949	3,150	15,024	56,669
Rent	8,754	1,100	26,086	938	1,583	199,148	463	238,072
Supplies	45,192	16,364	11,004	6,267	5,105	11,987	14,203	110,122
Technology	2,100	409	779	79	2,669	535	-	6,571
Utilities	68,099	2,413	2,050	2,340	2,362	23,655	-	100,919
Other	4,549	7,543	3,212	7,447	9,765	18,195	19	50,730
TOTAL EXPENSES	$ 2,498,889	$ 537,280	$ 1,168,775	$ 398,226	$ 454,069	$ 692,908	$ 37,704	$ 5,787,851

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

MONTGOMERY COUNTY WOMEN'S CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash flows from operating activities		
Change in net assets	$	(21,591)
Adjustment to reconcile change in net assets to net cash from operating activities:		
Depreciation		177,496
Loss on disposal of fixed assets		737
Change in operating assets and liabilities:		
Grant funds receivable		18,518
Other receivables		(16,044)
United Way funding receivable		(136,686)
Other assets		2,689
Accounts payable		49,074
Other accrued liabilities		1,785
Deferred revenue		61,050
Net cash from operating activities		137,028
Cash flows from investing activities		
Purchases of fixed assets		(37,888)
Net cash from investing activities		(37,888)
Net change in cash and cash equivalents		99,140
Cash and cash equivalents, beginning of year		1,457,214
Cash and cash equivalents, end of year	$	1,556,354

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

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Montgomery County Women's Center (the "Center") is a 501(c)(3) nonprofit organization dedicated to providing safe shelter, crisis intervention, counseling, legal, and support services to victims/survivors of family violence, sexual assault, stalking, and abuse and provides education about such issues. Approximately 23% of the support received by the Center is from federal and state funding. The other support is from local funding and donor contributions. The Center operates a resale shop as a means of converting household items and clothing contributed by the public to cash for use in funding operations. The Center owns and operates a 70 bed emergency shelter that houses victims of sexual assault and domestic violence. The Center also owns and operates Reaching Pines, a residential transitional apartment community with 24 units for families rebuilding their lives. Both the shelter and Reaching Pines assist women and their children with continued case management and counseling, child care, and other supportive services.

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

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

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

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

Cash and Cash Equivalents – For financial statement purposes, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Concentration of Credit Risk – The Center maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2018, the Center's uninsured balances totaled $751,616.

Accounts Receivable – Accounts receivable is comprised of grants and other receivables. Grant receivables are stated as reimbursable expenditures due from the grantor. No allowance for bad debts is recorded as revenue received is from third-party reimbursements with state and local government agencies.

Property and Equipment – Acquisitions of property and equipment in excess of $5,000 are capitalized. Property and equipment are carried at cost. Depreciation is computed using the straight-line method over three to forty year estimated useful lives. Maintenance and repairs are charged to expense and major improvements are capitalized. Any gain or loss on retirement, sale or other disposition of the equipment is recognized as revenue or expense. Donated equipment is valued at fair market value and its related depreciation is computed using the straight-line method.

Contributions – Contributions are recognized when a donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with time or purpose restrictions, or restrictions to be held in perpetuity depending on the nature of the restrictions. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services and Materials – A number of volunteers make significant contributions of their time in assisting the Center in carrying out its programs. The value of their contributed time is not reflected in these statements since it is not susceptible to objective measurement of valuations.

Household items, clothing, and food, donated by the public, are recognized as income with an offsetting charge to expense, based on the programs that benefit from donations, when received. These items amounted to $1,795,360 in 2018. These items are provided to clients or sold to the public in the resale shop (except food). Revenue from items sold in the resale shop is recognized at the time of sale and amounted to $1,303,284 in 2018.

Fair Value of Financial Instruments – The carrying amounts reported in the statement of financial position for cash, investments and receivables approximate their fair value.

Functional Allocation of Expenses – The costs of providing the various programs, and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. Such allocations are determined by management or an equitable basis. The allocation methods used by the Center are as follows:

Expense	Method of Allocation
Salaries/wages	Time and effort
Fringe benefits	Time and effort
Assistance to individuals	Time and effort
Auto and travel	Time and effort
Depreciation	Square footage
Insurance	Square footage
Maintenance and repairs	Time and effort
Meetings and conferences	Time and effort
Office	Time and effort
Professional fees	Time and effort
Rent	Square footage
Supplies	Time and effort
Technology	Time and effort
Utilities	Square footage

Use of Estimates – The presentation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising Expenses – Advertising costs are expensed as incurred and are used to promote awareness of the Center's programs among the audiences it serves. Advertising expense for 2018 was $26,408.

Income Taxes – The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

Recently Implemented Accounting Pronouncements – In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. These amendments change presentation and disclosure requirements for not-for-profit (NFP) entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net asset classes; investment return; expenses; liquidity and availability of resources; and presentation of operating cash flows. The amendments are effective for NFP organizations for annual financial statements issued for fiscal years beginning after December 15, 2017. Early application of the amendments is permitted.

The effects of this pronouncement are presented in the financial statements.

NOTE 2 – UPCOMING RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, FASB issued ASU No. 2014-09, *Revenue From Contracts With Customers (Topic 606)*, establishing a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. This update provides a five-step analysis in determining when and how revenue is recognized. The new model will require revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration a company expects to receive in exchange for those goods or services and will supersede most of the existing revenue recognition guidance, including industry-specific guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018, for nonpublic entities.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU will require most leases to be recognized on the statement of financial position as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. Lessor accounting is largely unchanged. The guidance is effective for fiscal years beginning after December 15, 2019, for nonpublic entities. The standard may be early adopted and requires a modified retrospective transition approach to apply.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. This update provides guidance on how to record eight specific cash flow issues, and how the predominant principle should be applied when cash receipts and cash payments have more than one class of cash flows. This standard is effective for fiscal years beginning after December 15, 2018 and interim periods beginning after December 15, 2019, for nonpublic entities, with early adoption permitted. Adoption will be applied retrospectively to all periods presented.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*, which requires entities to show the changes in the total of cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, entities will no longer present transfers between cash and cash equivalents and restricted cash and restricted cash equivalents in the statement of cash flows. For nonpublic entities, the amendments are effective for annual periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption permitted.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. These amendments clarify and improve the NFP organizations and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellations of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards.

It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. This is important because such classification affects the timing of contribution revenue and expense recognition. With some exceptions, the guidance is effective for annual periods beginning after December 15, 2018 or December 15, 2019 if the NFP is a resource recipient or a resource provider, respectively. Early adoption is permitted.

The Center is currently evaluating the impacts this guidance will have on its financial statements and related disclosures.

NOTE 3 – LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	$ 1,556,354
Grant funds receivable	337,960
Other receivables	17,871
Total	$ 1,912,185

Cash and cash equivalents include cash on deposit and highly liquid financial instruments with original maturities of three months or less. Grants receivable represent the balance of grant funds that will be collected upon fulfillment of grant requirements. Other receivables are amounts due from tenants at Reaching Pines. All amounts are expected to be collected within one year.

Cash and cash equivalents include $110,216 that is restricted to awards under the Center's Scholarship Program and funding for the Center's shelter and Reaching Pines facilities. Grants receivable are restricted to providing services as provided in the terms of the grants. Grants fund services that are core to the Center's mission and the expenses to provide these services are included in our Program Services and Supporting Services and are not differentiated from the Center's general expenditures. There are no other restrictions on financial assets.

The Center has a goal of maintaining financial assets on hand to meet approximately 180 days of normal cash operating costs. Based on 2018 costs, this would be about $1,880,000 with gifts in-kind and depreciation expenses removed. As part of the Center's liquidity management plan, the Center invests certain amounts of cash in excess of daily requirements in a sweep account. Funds are swept each night and invested. The Center has immediate access to these funds at any time.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2018:

Land and land improvements	$ 197,033
Buildings	5,457,948
Furniture and equipment	217,061
Vehicles	98,837
Leasehold improvements	35,551
	6,006,430
Less: accumulated depreciation	(1,623,480)
Total property and equipment, net	$ 4,382,950

Depreciation expense for 2018 amounted to $177,496.

NOTE 5 – NET ASSETS

The Center has net assets with the following purpose restrictions at December 31, 2018:

Reaching Pines/Shelter	$ 10,898
Scholarships	99,318
	$ 110,216

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Center leases office space through a one-year operating lease that expires annually at June 30 and is automatically renewed at the option of the Center. The rental rate is adjustable at the beginning of each renewal. Space for the resale shop is under a ten-year operating lease through June 30, 2020. All goods and personal property in the resale shop are collateral for the payment of the lease on the resale shop.

Minimum future rental payments due under the leases, other than the month-to-month lease, in effect December 31, 2018 are summarized as follows:

For the Year Ending December 31	Amount
2019	$ 148,733
2020	102,869
2021	29,567
2022	29,050
2023	25,165
Total	$ 335,384

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Center has a qualified defined contribution plan available for all employees who have been employed for more than one year. The Center makes monthly contributions based on 3% of the participant's salary. The total contributed to the plan for 2018 was $23,378.

NOTE 8 – SUBSEQUENT EVENTS

The Center has evaluated subsequent events through April 23, 2019, the date which the financial statements were available to be issued.

Briggs & Veselka Co.
A PROFESSIONAL CORPORATION
Certified Public Accountants and Business Advisors

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

To the Board of Directors of
Montgomery County Women's Center
Conroe, 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 Montgomery County Women's Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 April 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Montgomery County Women's Center'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 Montgomery County Women's Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Montgomery County Women's Center's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Montgomery County Women's Center'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*.

Purpose of This Report

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

Briggs & Veselka Co.

Briggs & Veselka Co.
The Woodlands, Texas

April 23, 2019

Briggs & Veselka Co.
A PROFESSIONAL CORPORATION
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Montgomery County Women's Center
Conroe, Texas

Report on Compliance for Each Major Federal Program

We have audited Montgomery County Women's Center'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 Montgomery County Women's Center's major federal programs for the year ended December 31, 2018. Montgomery County Women's Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Montgomery County Women's Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Montgomery County Women's Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Montgomery County Women's Center's compliance.

To the Board of Directors of
Montgomery County Women's Center
Re: Independent Auditors' Report on Compliance

Opinion on Each Major Federal Program

In our opinion, Montgomery County Women's Center 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, 2018.

Report on Internal Control Over Compliance

Management of Montgomery County Women's Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Montgomery County Women's Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Montgomery County Women's Center's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Briggs & Veselka Co.

Briggs & Veselka Co.
The Woodlands, Texas

April 23, 2019

SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY WOMEN'S CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass Thru Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
477 Cluster			
U.S Department of Health and Human Services			
Passed Through Texas Department of Health and Human Services			
Temporary Assistance for Needy Families	93.558	529-15-0032-00003	$ 51,328
Total U.S Department of Health and Human Services			51,328
Total 477 Cluster			51,328
Other programs			
U.S. Department of Justice			
Passed Through Texas Office of the Governor Criminal Justice Division			
Crime Victim Assistance	16.575	2015-VA-GX-0009-1370317	385,807
Crime Victim Assistance	16.575	2015-VA-GX-0009-1370318	119,842
Total U.S. Department of Justice			505,649
U.S. Department of Health and Human Services			
Passed Through Texas Health and Human Services Commission			
Social Services Block Grant	93.667	529-15-0032-00003D	131,054
Social Services Block Grant	93.667	529-15-0032-00003	5,528
Total Social Services Block Grant			136,582
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	529-15-0032-00003D	61,672
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	529-15-0032-00003	22,110
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			83,782
Total Passed Through Texas Health and Human Services Commission			220,364
Total U.S. Department of Health and Human Services			220,364
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024		45,000
Total U.S. Department of Homeland Security			45,000
Total other programs			771,013
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 822,341

See accompanying notes to the schedule of expenditures of federal awards.

NOTE 1 – THE ORGANIZATION

Montgomery County Women's Center, (the "Center") receives federal grants to carry out its programs and services to provide safe shelter, crisis intervention, counseling, legal, and support services to victims/survivors of family violence, sexual assault, stalking, and abuse and provides education about such issues to those living in Montgomery County, Texas.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (Schedule) includes the activity of Montgomery County Women's Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Compliance Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3 – NONCASH AND LOANS

There were no federal awards expended in the form of noncash assistance or insurance and there were no federal program loans or loan guarantees outstanding at year end.

NOTE 4 – INDIRECT COST

Expenditures included in the Schedule represent only direct costs. There were no indirect costs allocated to the expenses of the federal grants.

NOTE 5 – RELATIONSHIP OF THE SCHEDULE TO FINANCIAL REPORTS SUBMITTED TO GRANT AWARDING AGENCIES

Expenditures included in the Schedule may differ from amounts reflected in the financial reports submitted to grant awarding agencies for the following reasons:

- Expenses accrued at the end of the Center's fiscal year may not be included in the financial reports submitted to grant awarding agencies until after year-end;

- Program matching costs that are reported in the financial reports submitted to awarding agencies are not include in the amounts reported in the Schedule; and

- Differences may exist between grant periods and the Center's accounting period.

NOTE 6 – CONTINGENCIES

Grants require the fulfillment of certain conditions set forth in grant agreements and are regularly monitored and reviewed by the grantors. Failure to satisfy the requirement of contract agreements could result in disallowed costs and return of funds to grantors. Management believes that the Center is in substantial compliance with grant provisions and requirements and that disallowed costs, if any, will not be significant to affect the amounts and disclosures in the financial statements.

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial statements

Type of auditors' 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)?	No
Noncompliance material to financial statements noted?	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 auditors' 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 (a)?	No

Major Program:

Award Type	Federal CFDA Number	Name of Federal Grantor/Pass Thru Grantor/ Program or Cluster Title
Federal	16.575	Crime Victim Assistance

Dollar threshold used to distinguish between type A and type B programs:

Federal awards	$750,000
Auditee qualified as low-risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

MONTGOMERY COUNTY WOMEN'S CENTER
SCHEDULES OF REVENUE AND EXPENDITURES OF CRIME VICTIMS CIVIL LEGAL SERVICES GRANT
FOR THE YEAR ENDED DECEMBER 31, 2018

Grant period September 1, 2018 to August 31, 2019

	Actual	Budget	Over (Under) Budget
Grant funds received in 2018	$ 23,400	$ 27,377	$ (3,977)
Personnel			
Attorneys	26,481	21,800	4,681
Total expenses	26,481	21,800	4,681
Total, net	$ (3,081)	$ 5,577	$ 704

Grant period September 1, 2017 to August 31, 2018

	Actual	Budget	Over (Under) Budget
Grant funds received in 2018	$ 54,754	$ 54,754	$ -
Personnel			
Attorneys	45,291	43,600	1,691
Total expenses	45,291	43,600	1,691
Total, net	$ 9,463	$ 11,154	$ 1,691