

MONTGOMERY COUNTY WOMEN'S CENTER
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
For the Years Ended December 31, 2021 and 2020

MONTGOMERY COUNTY WOMEN'S CENTER
Conroe, Texas

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Years Ended December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Montgomery County Women's Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Montgomery County Women's Center as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Montgomery County Women's Center 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.

Other Matter

The financial statements of Montgomery County Women's Center for the year ended December 31, 2020, were audited by other auditors, who expressed an unmodified opinion on those statements on April 30, 2021.

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 Montgomery County Women's Center's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

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 GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Supplementary Information

Our audits were 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 *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2022 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.

Crowe LLP
Crowe LLP

The Woodlands, Texas
May 24, 2022

MONTGOMERY COUNTY WOMEN'S CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 2,337,026	\$ 2,057,714
Grant funds receivable	280,025	242,322
Other receivables	4,993	628
United Way funding receivable	76,488	89,749
Other assets	40,605	46,535
Property and equipment, net	<u>4,266,714</u>	<u>4,292,546</u>
 Total assets	 <u>\$ 7,005,851</u>	 <u>\$ 6,729,494</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 119,751	\$ 54,935
Other accrued liabilities	<u>188,404</u>	<u>173,674</u>
Total liabilities	308,155	228,609
Net assets		
Without donor restrictions	6,609,387	6,412,300
With donor restrictions	<u>88,309</u>	<u>88,585</u>
Total net assets	<u>6,697,696</u>	<u>6,500,885</u>
 Total liabilities and net assets	 <u>\$ 7,005,851</u>	 <u>\$ 6,729,494</u>

See accompanying notes to financial statements.

MONTGOMERY COUNTY WOMEN'S CENTER
STATEMENTS OF ACTIVITIES
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues and other support without donor restrictions		
State and federal financial awards	\$ 1,564,009	\$ 1,516,845
Non-government grants	91,563	63,878
Contributions	2,791,940	2,578,434
Contribution – grant revenue	-	593,500
United Way funding	315,923	382,132
Donated items sold to the public	1,604,283	1,235,336
Special events	75,493	146,283
Rent	44,288	46,862
Other	<u>689</u>	<u>6,333</u>
Total revenues and other support without donor restrictions	6,488,188	6,569,603
Net assets released from restrictions	<u>25,876</u>	<u>20,735</u>
Total revenues and other support without donor restrictions	6,514,064	6,590,338
Expenses		
Program services		
Residential programs	2,692,077	2,603,046
Outreach	510,132	482,653
Counseling and sexual assault	1,193,182	1,186,598
Legal	381,257	375,712
Supporting services		
Management and general	712,030	626,914
Fundraising		
Resale shop	816,473	771,663
Other fundraising	<u>11,825</u>	<u>10,598</u>
Total expenses	<u>6,316,977</u>	<u>6,057,184</u>
Change in net assets without donor restrictions	197,087	533,154
Net assets with donor restrictions		
Reaching Pines/shelter	2,500	1,000
Scholarships	23,100	9,500
Net assets released from restrictions	<u>(25,876)</u>	<u>(20,735)</u>
Change in net assets with donor restrictions	<u>(276)</u>	<u>(10,235)</u>
Change in net assets	196,811	522,919
Net assets, beginning of year	<u>6,500,885</u>	<u>5,977,966</u>
Net assets, end of year	<u><u>\$ 6,697,696</u></u>	<u><u>\$ 6,500,885</u></u>

See accompanying notes to financial statements.

MONTGOMERY COUNTY WOMEN'S CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

	Program Services				Supporting Services			Total Expenses
	Residential Programs	Outreach	Counseling and Sexual Assault	Legal	Management and General	Resale Shop	Other Fundraising	
Salaries/wages	\$ 816,209	\$ 195,826	\$ 507,178	\$ 270,249	\$ 535,198	\$ 388,100	\$ -	\$ 2,712,760
Fringe benefits	77,164	18,266	67,605	19,611	119,188	50,660	-	352,494
Assistance to individuals	1,283,676	204,305	501,307	42,134	-	-	-	2,031,422
Auto and travel	7,737	6,110	11,748	2,388	1,786	48,069	118	77,956
Depreciation	174,692	966	1,932	966	1,113	4,121	-	183,791
Insurance	30,242	1,883	6,995	2,204	3,646	22,158	-	67,128
Maintenance and repairs	68,096	2,079	1,198	1,290	9,163	5,846	-	87,672
Meetings and conferences	-	-	-	2,167	1,908	-	-	4,075
Office	44,276	21,470	21,729	9,968	7,749	15,186	-	120,378
Professional fees	13,531	26,172	13,422	8,264	7,000	1,854	1,300	71,543
Rent	10,476	592	31,485	603	572	207,499	2,900	254,127
Supplies	83,159	23,030	16,778	11,781	8,285	17,928	7,403	168,364
Technology	9,159	3,851	7,846	4,170	4,430	4,554	-	34,010
Utilities	69,917	1,969	2,357	2,036	2,051	24,537	90	102,957
Other	3,743	3,613	1,602	3,426	9,941	25,961	14	48,300
Total expenses	\$ 2,692,077	\$ 510,132	\$ 1,193,182	\$ 381,257	\$ 712,030	\$ 816,473	\$ 11,825	\$ 6,316,977

(Continued)

MONTGOMERY COUNTY WOMEN'S CENTER
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020

	Program Services				Supporting Services			Total Expenses
	Residential Programs	Outreach	Counseling and Sexual Assault	Legal	Management and General	Resale Shop	Fundraising Other Fundraising	
Salaries/wages	\$ 752,106	\$ 205,281	\$ 502,060	\$ 281,430	\$ 495,906	\$ 381,633	\$ -	\$ 2,618,416
Fringe benefits	42,640	6,498	41,080	18,791	81,905	39,131	-	230,045
Assistance to individuals	1,362,291	209,716	525,423	41,996	-	-	-	2,139,426
Auto and travel	4,488	4,672	7,200	715	3,015	29,848	-	49,938
Depreciation	170,538	915	1,830	913	1,186	7,863	-	183,245
Insurance	21,340	1,721	6,854	3,085	2,273	15,541	-	50,814
Maintenance and repairs	39,601	567	1,163	567	10,200	8,316	-	60,414
Meetings and conferences	-	-	4,805	868	-	-	-	5,673
Office	39,869	9,277	34,163	8,978	12,245	12,839	60	117,431
Professional fees	7,841	14,850	7,197	6,369	2,960	950	-	40,167
Rent	10,132	533	30,810	533	550	206,920	-	249,478
Supplies	73,714	14,412	10,827	4,514	5,011	15,044	8,438	131,960
Technology	10,989	7,604	6,978	4,031	2,806	5,811	-	38,219
Utilities	63,597	2,138	2,404	2,164	2,529	29,286	-	102,118
Other	3,900	4,469	3,804	758	6,328	18,481	2,100	39,840
Total expenses	\$ 2,603,046	\$ 482,653	\$ 1,186,598	\$ 375,712	\$ 626,914	\$ 771,663	\$ 10,598	\$ 6,057,184

See accompanying notes to financial statements.

MONTGOMERY COUNTY WOMEN'S CENTER
 STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 196,811	\$ 522,919
Adjustment to reconcile change in net assets to net cash from operating activities:		
Depreciation	183,791	183,245
Gain on investments	-	(76)
Changes in operating assets and liabilities:		
Grant funds receivable	(37,703)	(33,403)
Other receivables	(4,365)	666
United Way funding receivable	13,261	7,278
Other assets	5,930	(36,838)
Accounts payable	64,816	20,967
Other accrued liabilities	14,730	21,370
Deferred revenue	-	(31,891)
Net cash from operating activities	<u>437,271</u>	<u>654,237</u>
Cash flows from investing activities		
Purchases of fixed assets	(157,959)	(38,859)
Proceeds from maturities of investments	-	500,149
Net cash from investing activities	<u>(157,959)</u>	<u>461,290</u>
Net change in cash and cash equivalents	279,312	1,115,527
Cash and cash equivalents, beginning of year	<u>2,057,714</u>	<u>942,187</u>
Cash and cash equivalents, end of year	<u>\$ 2,337,026</u>	<u>\$ 2,057,714</u>

See accompanying notes to financial statements.

MONTGOMERY COUNTY WOMEN'S CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

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, support, and education services to victims/survivors of family violence, sexual assault, stalking, and abuse. During 2021 and 2020, approximately 24% and 32%, respectively, of 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 survivors of domestic violence and sexual assault with continued case management and counseling, childcare, and other supportive services.

Basis of Accounting: The financial statements of the Center have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

Basis of Presentation: The Center is required 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, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements 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. The Center believes it is not exposed to any significant risk on its cash balances.

Accounts Receivable: Accounts receivable is comprised of grants and other receivables. Grant funds receivable 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.

(Continued)

MONTGOMERY COUNTY WOMEN'S CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

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 statements of activities as net assets released from restrictions.

Contribution – Grant Revenue: On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law. One component of the CARES Act is the Paycheck Protection Program (PPP), which provides qualified small businesses and certain tax-exempt organizations with the resources needed to help provide economic relief due to the adverse impact of COVID-19. The PPP is implemented by the United States of America Small Business Administration with support from the United States of America Department of the Treasury.

On April 7, 2020, the Center received funding of \$593,500, in the form of a two-year loan with an annual interest rate of 1%. The Center applied for loan forgiveness under the provisions of Section 1106 of the CARES Act. On November 2, 2020, all conditions of the program were substantially met and as such the loan was forgiven.

During 2020, the Center adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* as management believes the standard improves the usefulness and understandability of the Center's financial reporting. In accordance with the ASU, the Center recorded the PPP loan proceeds as a refundable advance in the statements of financial position until such time that all conditions of the program were substantially met.

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 financial 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 \$2,005,114 and \$2,115,991 at December 31, 2021 and 2020, respectively. 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 are recognized at the time of sale and amounted to \$1,604,283 and \$1,235,336 at December 31, 2021 and 2020, respectively.

Rent: Based on analysis of the FASB Accounting Standards Codification Topic 606, *Revenue From Contracts With Customers*, no changes are necessary to conform with the new standard. Revenue is recognized when the Center satisfies a performance obligation by transferring control of a real estate property to a tenant, in an amount that reflects the consideration to which the Center expects to be entitled for that property.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. Such allocations are determined by management on an equitable basis.

(Continued)

MONTGOMERY COUNTY WOMEN'S CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The allocation methods used by the Center are as follows:

<u>Expense</u>	<u>Method of Allocation</u>
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 U.S. 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.

Risks and Uncertainties: During 2020 and 2021, many countries around the world, including the United States of America, were impacted by the coronavirus (the “virus” or COVID-19) outbreak. While the virus is continuing to evolve, its implications could involve unavailability of personnel, disruptions of supply chains, and reductions in program service fees and contributions, affecting results of operations and cash flows. In addition, the Center has been impacted by the broader effects of COVID-19 as a result of the negative impact the virus has had on the global economy and major financial markets. At this time, management is not aware of any material risk to the Center’s financial statements and cannot quantify the full extent the virus will have on the Center’s financial information.

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 2021 and 2020 were \$10,048 and \$811, respectively.

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.

(Continued)

MONTGOMERY COUNTY WOMEN'S CENTER
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021 and 2020

NOTE 2 – UPCOMING RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU will require most leases to be recognized on the statements 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. In June 2020, the FASB issued ASU No. 2020-05, *Revenue From Contracts With Customers (Topic 606)* and *Leases (Topic 842): Effective Dates for Certain Entities*, to defer these two standards. Under the deferral for leases rules, private companies and private not-for-profit organizations can apply the standard to fiscal years beginning after December 15, 2021.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statements of activities disaggregated by category that depicts the type of contributed nonfinancial assets and includes additional disclosure requirements for each category of contributed nonfinancial assets recognized. The ASU is effective for a not-for-profit entity for annual periods beginning after June 15, 2021. Early adoption is permitted.

The Center is currently evaluating the potential impact of these standards on its financial statements.

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 dates, comprise the following at December 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,337,026	\$ 2,057,714
Grant funds receivable	280,025	242,322
Other receivables	4,993	628
United Way funding receivable	<u>76,488</u>	<u>89,749</u>
Total financial assets at year-end	2,698,532	2,390,413
Less: amounts not available for general expenditure within one year	<u>(588,309)</u>	<u>(88,585)</u>
Total financial assets at year-end available for general expenditure over the next 12 months	<u>\$ 2,110,223</u>	<u>\$ 2,301,828</u>

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.

The Center has a goal of maintaining financial assets on hand to meet approximately 180 days of normal cash operating costs.

(Continued)

MONTGOMERY COUNTY WOMEN'S CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 197,033	\$ 197,033
Buildings	5,610,617	5,610,617
Furniture and equipment	392,257	273,483
Vehicles	138,022	98,837
Leasehold improvements	<u>87,094</u>	<u>87,094</u>
	6,425,023	6,267,064
Less: accumulated depreciation	<u>(2,158,309)</u>	<u>(1,974,518)</u>
 Total property and equipment, net	 <u>\$ 4,266,714</u>	 <u>\$ 4,292,546</u>

Depreciation expense for 2021 and 2020 amounted to \$183,791 and \$183,245, respectively.

NOTE 5 – NET ASSETS

The Center's unrestricted net assets consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Without donor restrictions	\$ 6,109,387	\$ 6,412,300
Board Designated – Capital reserve	<u>500,000</u>	<u>-</u>
 Total net assets without donor restrictions	 <u>\$ 6,609,387</u>	 <u>\$ 6,412,300</u>

During 2021, the Center's board of directors approved the establishment and initial funding of a Board Designated-Capital Reserve fund for the purpose of providing capital needs as they arise. The fund is based on data from a capital reserve study performed by an outside firm which reviewed the Center's fixed assets and outlined a 30-year reserve plan.

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

	<u>2021</u>	<u>2020</u>
Reaching Pines/shelter	\$ 14,413	\$ 11,913
Scholarships	<u>73,896</u>	<u>76,672</u>
 Total net assets with donor restrictions	 <u>\$ 88,309</u>	 <u>\$ 88,585</u>

(Continued)

MONTGOMERY COUNTY WOMEN'S CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Center has two operating leases for its Woodlands, Texas locations and various office equipment. Rent expense relating to these leases totaled \$254,127 and \$249,478 for 2021 and 2020, respectively.

Future minimum lease payments under operating leases are as follows at December 31, 2021:

2022	\$ 255,916
2023	244,408
2024	221,583
2025	211,713
2026	209,541
Thereafter	<u>747,399</u>
Total	<u>\$ 1,890,560</u>

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Center has a qualified defined contribution plan. The plan is available to all full-time employees upon hire, and the Center matches up to 3% of salaries after one year of employment. The total contributed to the plan for 2021 and 2020 were \$23,590 and \$17,084, respectively.

NOTE 8 – SUBSEQUENT EVENTS

The Center has evaluated subsequent events through May 24, 2022 the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MONTGOMERY COUNTY WOMEN'S CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2021

<u>Federal Grantor/Pass Thru Grantor/Program or Cluster Title</u>	<u>Federal ALN Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
477 Cluster			
U.S Department of Health and Human Services Commission			
Passed Through Texas Health and Human Services Commission			
Temporary Assistance for Needy Families	93.558	HHS000380000006	\$ 198,481
Temporary Assistance for Needy Families	93.558	HHS000380000006	70,508
Total U.S Department of Health and Human Services Commission			<u>268,989</u>
Total 477 Cluster			268,989
Other programs			
U.S. Department of Justice			
Passed Through Texas Office of the Governor Criminal Justice Division			
Crime Victim Assistance	16.575	1370319	400,486
Violence Against Women Formula Grants	16.588	1370320	122,694
Total U.S. Department of Justice			<u>523,180</u>
U.S. Department of Health and Human Services			
Passed Through Texas Health and Human Services Commission			
Social Security Block Grant	93.667	HHS000380000006	21,536
Social Security Block Grant	93.667	HHS000380000006	7,961
Total Social Security Block Grant			<u>29,497</u>
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	HHS000380000006	100,114
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	HHS000380000006	35,254
COVID-19 CARES ACT Supplemental FVPSA	93.671	HHS000380000006	30,717
ARP Supplemental Funding	93.671	HHS000380000006	9,023
Total Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services			<u>175,107</u>
Total Passed Through Texas Health and Human Services Commission			<u>204,604</u>
Total U.S. Department of Health and Human Services			204,604
U.S. Department of Homeland Security			
Emergency Food and Shelter National Board Program	97.024	826800-001 PHASE 38	15,000
Total U.S. Department of Homeland Security			<u>15,000</u>
Total other programs			<u>742,784</u>
Total expenditures of federal awards			<u>\$1,011,772</u>

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

MONTGOMERY COUNTY WOMEN'S CENTER
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2021

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, support, and education services to victims/survivors of family violence, sexual assault, stalking, and abuse and provides education about such issues to those primarily living in Montgomery County, Texas.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (Schedule) includes the activity of the 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 included 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.

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

To the Board of Directors of
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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 24, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that have not been identified.

(Continued)

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

Purpose of this Report

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


Crowe LLP

The Woodlands, Texas
May 24, 2022

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

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

Report on Compliance for Each Major Federal Program

Opinion on 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, 2021. Montgomery County Women's Center'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, Montgomery County Women's Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Montgomery County Women's Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Montgomery County Women's Center'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 Montgomery County Women's Center's federal programs.

(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 Montgomery County Women's Center'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 GAAS, *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 Montgomery County Women's Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Montgomery County Women's Center'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 Montgomery County Women's Center'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 Montgomery County Women's Center'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(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.

Crowe LLP
Crowe LLP

The Woodlands, Texas
May 24, 2022

MONTGOMERY COUNTY WOMEN'S CENTER
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended December 31, 2021

SECTION I – SUMMARY OF AUDITOR'S 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)?	None reported
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)?	None reported
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:

<u>Award Type</u>	<u>Federal ALN Number</u>	<u>Name of Federal Grantor/Pass Thru Grantor/Program or Cluster Title</u>
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? Yes

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, 2021

Grant period September 1, 2021 to August 31, 2022:

	<u>Actual</u>	<u>Budget</u>	Over (Under) <u>Budget</u>
Grant funds received in 2021	\$ 39,149	\$ 27,377	\$ 11,772
Personnel			
Attorneys	<u>25,807</u>	<u>27,377</u>	<u>(1,570)</u>
Total expenses	<u>25,807</u>	<u>27,377</u>	<u>(1,570)</u>
 Total, net	 <u>\$ 13,342</u>	 <u>\$ -</u>	 <u>\$ 13,342</u>

Grant period September 1, 2020 to August 31, 2021:

	<u>Actual</u>	<u>Budget</u>	Over (Under) <u>Budget</u>
Grant funds received in 2021	\$ 50,572	\$ 54,754	\$ (4,182)
Personnel			
Attorneys	<u>57,723</u>	<u>54,754</u>	<u>2,969</u>
Total expenses	<u>57,723</u>	<u>54,754</u>	<u>2,969</u>
 Total, net	 <u>\$ (7,151)</u>	 <u>\$ -</u>	 <u>\$ (7,151)</u>
