Denton County Friends of the Family, Inc.

Financial Statements with Compliance Reports and Supplemental Information

December 31, 2017

SFC Answers.

Denton County Friends of the Family, Inc.

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Independent Auditors' Report

Board of Directors
Denton County Friends of the Family, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Denton County Friends of the Family, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards and the standards applicable to financial audit 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Denton County Friends of the Family, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

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 and state 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. 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 10, 2018 on our consideration of Denton County Friends of the Family, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Denton County Friends of the Family, Inc.'s internal control over financial reporting and compliance.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
April 10, 2018

Denton County Friends of the Family, Inc.
Statement of Financial Position
December 31, 2017

Assets

Current assets:		
Cash and cash equivalents	$	159,866
Grants receivable		269,125
Prepaid expenses		7,532
Security deposits		9,687
Total current assets		446,210
Property and equipment, net		1,365,399
Total assets	$	1,811,609

Liabilities and Net Assets

Current liabilities:		
Accounts payable	$	1,092
Accrued expenses		132,589
Deferred rent		21,726
Current maturities of long-term debt		39,963
Total current liabilities		195,370
Long-term debt, net of current maturities		752,154
Total liabilities		947,524
Net assets:		
Unrestricted		864,085
Total net assets		864,085
Total liabilities and net assets	$	1,811,609

See notes to financial statements.

Denton County Friends of the Family, Inc.
Statement of Activities
Year Ended December 31, 2017

Unrestricted support:	
Public contributions	$ 245,818
Government grants and contracts	2,385,320
United Way	86,327
Special events	136,860
Total unrestricted support	2,854,325
Revenue:	
Thrift store sales	265,028
Program service fees	107,906
Miscellaneous	8,793
Total unrestricted support and revenue	3,236,052
Expenses and losses:	
Expenses:	
Program services:	
Victim outreach	932,215
Shelter	541,656
BIPP	182,860
Advocacy and legal services	569,876
Community services	313,837
Thrift store	303,974
Volunteer program	39,468
Transitional housing	39,295
Total program services	2,923,181
Supporting services:	
Fundraising	199,088
Administration	162,391
Total supporting services	361,479
Total expenses	3,284,660
Loss on disposal of property and equipment	1,295
Total expenses and losses	3,285,955
Change in net assets	(49,903)
Net assets at beginning of year	913,988
Net assets at end of year	$ 864,085

See notes to financial statements.

Denton County Friends of the Family, Inc.
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services									Supporting Services			
	Victim outreach	Shelter	BIPP	Advocacy and legal services	Community services	Thrift store	Volunteer program	Transitional housing	Total	Fundraising	Administration	Total	Total
Salaries	$ 673,595	$ 346,799	$ 126,394	$ 399,078	$ 219,866	$ 102,364	$ 32,183	$ 10,927	$ 1,911,206	$ 132,705	$ 70,113	$ 202,818	$ 2,114,024
Employee benefits	36,266	18,672	6,805	21,487	11,838	5,511	1,733	588	102,900	7,145	3,775	10,920	113,820
Payroll taxes	54,101	27,854	10,152	32,053	17,659	8,222	2,585	878	153,504	10,658	5,631	16,289	169,793
Total salaries and related expenses	763,962	393,325	143,351	452,618	249,363	116,097	36,501	12,393	2,167,610	150,508	79,519	230,027	2,397,637
Insurance	8,822	4,620	1,809	8,689	4,383	710	-	269	29,302	-	14,065	14,065	43,367
Rent	21,807	1,118	11,075	81	20,216	65,832	-	4,606	124,735	-	41	41	124,776
Utilities	11,575	19,853	1,405	10,033	2,660	7,138	-	309	52,973	219	3,146	3,365	56,338
Other occupancy	2,430	17,529	3,556	4,470	1,614	55,142	-	45	84,786	513	14,198	14,711	99,497
Travel	523	1,290	1,999	6,324	2,449	44	949	-	13,578	1,302	1,493	2,795	16,373
Conferences and training	4,630	1,370	1,851	2,053	-	-	-	-	9,904	-	50	50	9,954
Telephone	4,223	4,234	468	3,757	1,819	1,915	-	144	16,560	-	2,409	2,409	18,969
Contract services	27,197	13,599	6,151	24,362	18,113	33,282	1,038	1,831	125,573	-	27,855	27,855	153,428
Equipment lease	5,925	11,462	1,977	3,030	2,552	4,839	-	1,294	31,079	-	2,676	2,676	33,755
Supplies	14,277	46,546	6,625	14,076	5,593	6,954	980	18,404	113,455	7,964	6,967	14,931	128,386
Postage	399	206	164	531	193	314	-	-	1,807	243	1,026	1,269	3,076
Advertising/publicity	594	-	-	12,716	243	476	-	-	14,029	1,428	416	1,844	15,873
Dues and memberships	1,166	536	-	1,474	536	-	-	-	3,712	1,832	1,594	3,426	7,138
Specific assistance to individuals	30,909	2,900	-	3,248	-	140	-	-	37,197	2,032	550	2,582	39,779
Interest	21,218	-	493	15,311	-	-	-	-	37,022	-	5,617	5,617	42,639
Fundraising costs	-	-	-	-	-	-	-	-	-	33,047	-	33,047	33,047
Late fees/penalties	-	-	-	-	-	77	-	-	77	-	769	769	846
Total expenses before depreciation	919,657	518,588	180,924	562,773	309,734	292,960	39,468	39,295	2,863,399	199,088	162,391	361,479	3,224,878
Depreciation	12,558	23,068	1,936	7,103	4,103	11,014	-	-	59,782	-	-	-	59,782
Total expenses	$ 932,215	$ 541,656	$ 182,860	$ 569,876	$ 313,837	$ 303,974	$ 39,468	$ 39,295	$ 2,923,181	$ 199,088	$ 162,391	$ 361,479	$ 3,284,660

See notes to financial statements.

Denton County Friends of the Family, Inc.
Statement of Cash Flows
Year Ended December 31, 2017

Cash flows from operating activities:		
Change in net assets	$	(49,903)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		59,782
Loss on disposal of property and equipment		1,295
Changes in assets and liabilities:		
Grants receivable		(47,739)
Prepaid expenses and security deposits		7,028
Accounts payable and accrued expenses		44,877
Deferred rent		21,726
Deferred revenue		(6,000)
Net cash provided by operating activities		31,066
Cash flows from investing activities -		
Purchases of property and equipment		(40,372)
Cash flows from financing activities -		
Repayment of long-term debt		(22,520)
Net decrease in cash and cash equivalents		(31,826)
Cash and cash equivalents at beginning of year		191,692
Cash and cash equivalents at end of year	$	159,866
Supplemental cash flow information - interest paid	$	42,638

See notes to financial statements.

1. Organization

Denton County Friends of the Family, Inc. (Organization) is a Texas nonprofit corporation with a mission to provide services to families experiencing family violence, including but not limited to spousal and/or child abuse, and to provide services to victims of sexual assault. The Organization accomplishes its mission by providing a variety of programs and services including a 24-hour crisis line, a residential shelter, counseling, community education, a thrift store and legal advocacy. The Organization is primarily supported by government and private grants and contributions from individuals and other organizations.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting, in accordance with U.S. generally accepted accounting principles (GAAP).

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors.

Temporarily restricted net assets - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time. No temporarily restricted net assets existed at December 31, 2017.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that will never lapse thus requiring the funds to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purpose. No permanently restricted net assets existed at December 31, 2017.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization chooses to show restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

Financial Instruments and Credit and Market Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit and market risk consist principally of cash and cash equivalents and grants receivable. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk.

Grants receivable are unsecured and are due from various grantor agencies under cost reimbursement grants. The Organization continually evaluates the collectability of grants receivable and maintains allowances, as considered necessary, for potentially uncollectible amounts.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with a maturity of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of the gift. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 40 years for buildings and improvements and 5 to 7 years for equipment. Depreciation expense totaled $59,782 for the year ended December 31, 2017.

Deferred Rent

The Organization has a lease which includes escalating rent over the lease term. In accordance with GAAP, rent cost is accounted for on a straight-line basis over the term of the lease.

Revenue Recognition

Government grants are recognized as contract terms are fulfilled. Cost reimbursement contracts are recognized as support when the allowable costs are incurred. Fees for contract services are recognized as revenue when the contracted services are performed. Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give (pledge) has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected and reduced by an allowance for uncollectible amounts.

Conditional promises to give are recognized when the conditions to which they are subject are met. If funds are received related to the conditional promise, the amounts received are accounted for as a refundable advance.

Donated goods are reflected as contributions at their estimated fair value at date of receipt. Donated use of facilities is reflected as a contribution at the estimated fair value of the rent. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. Numerous individuals donate significant amounts of time to the Organization. No donated services were utilized that met the criteria to be recorded as revenue in the Organization's financial statements.

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 activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and 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 estimated.

Contract Compliance

The Organization is responsible for compliance with provisions of contracts and grant agreements. Noncompliance could result in the disallowance of expenditures and a request for reimbursement. In the opinion of the Organization's management, such disallowance, if any, would not be significant to the Organization's financial statements.

Concentrations

At December 31, 2017, balances due from two governmental agencies totaled approximately 56% of total grants receivable. The Organization received funding from two state agencies during the year ended December 31, 2017 totaling approximately 30% of total revenue.

Federal Income Tax

The Organization is a nonprofit publicly supported organization, as defined in Section 501(c)(3) of the Internal Revenue Service Code (IRC) that is exempt from federal income taxes under Section 501(a) of the IRC. For the year ended December 31, 2017, the Organization did not conduct any unrelated business activities that would be subject to federal income taxes and had no uncertain tax positions. Therefore, no tax provision or liability has been reported in the accompanying financial statements.

U.S. generally accepted accounting principles (GAAP) requires the evaluation of tax positions taken in the course of preparing the Organization's tax returns and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

3. Property and Equipment

Property and equipment consist of the following as of December 31, 2017:

Land and improvements	$ 529,110
Buildings and improvements	1,064,456
Furniture and equipment	134,494
Vehicles	106,728
	1,834,788
Accumulated depreciation	(469,389)
	$ 1,365,399

4. Long-Term Debt

The Organization has a line of credit (Line) with interest at 4.25% to be used for working capital. Interest is due monthly and outstanding principal is due on demand, but if no demand is made, all unpaid principal and interest is due on August 25, 2018. The total line availability is $250,000 and is collateralized by the Organization's deposit accounts, grants receivable, property and equipment. There were no outstanding advances on the Line at December 31, 2017.

The Organization entered into a promissory note with a bank requiring monthly payments of principal and interest totaling $6,085 through August 25, 2027. The note accrues interest at 4.25% and is collateralized by buildings and improvements. The balance at December 31, 2017 is $792,117.

Principal payments for the years ending December 31 are as follows:

2018	$ 39,963
2019	41,695
2020	43,502
2021	45,387
2022	47,354
Thereafter	574,216
	$ 792,117

5. Leases

The Organization leases program facilities under non-cancelable operating lease agreements expiring August 2018 and September 2022. Rent expense totaled $128,347 for the year ended December 31, 2017.

Future minimum lease payments due under these lease agreements are as follows for the years ending December 31:

2018	$ 97,312
2019	39,912
2020	39,912
2021	39,912
2022	29,934
	$ 246,982

6. Subsequent Events

The Organization evaluated subsequent events after the statement of financial position date of December 31, 2017 through April 10, 2018, which was the date the financial statements were issued, and concluded that no additional disclosures are required.

Compliance Reports

Independent 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*

Board of Directors
Denton County Friends of the Family, Inc.

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Denton County Friends of the Family, Inc. (Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 10, 2018.

Internal Control over Financial Reporting

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

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
April 10, 2018

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Denton County Friends of the Family, Inc.

Report on Compliance for Each Major Federal Program

We have audited Denton County Friends of the Family Inc.'s (Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2017. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 U.S generally accepted auditing standards; the standards applicable to financial audit 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 Audits* (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 the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2017.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization'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 the Organization'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 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 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 the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
April 10, 2018

Denton County Friends of the Family, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

<u>Section I – Summary of Auditors' Results</u>

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weaknesses identified?	_____ yes	__X__ no
• Significant deficiencies identified?	_____ yes	__X__ none reported
Noncompliance material to financial statements noted?	_____ yes	__X__ no

Federal Awards

Internal control over major federal programs:		
• Material weaknesses identified?	_____ yes	__X__ no
• Significant deficiencies identified?	_____ yes	__X__ none reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ yes	__X__ no

Identification of major federal programs:

CFDA 16.575 Crime Victim Assistance

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	__X__ yes	_____ no

<u>Section II – Financial Statement Findings</u>

Audit Findings: None

<u>Section III – Federal Award Findings and Questioned Costs</u>

Audit Findings: None

<u>Section IV – Prior Federal Award Findings and Questioned Costs</u>

None reported.

Denton County Friends of the Family
Schedule of Expenditures of Federal and State Awards
Year Ended December 31, 2017

Federal or State Agency/ Pass-through Grantor/Program Title	CFDA #	Pass-through Grantor's #	Federal Expenditures	State Expenditures
U.S. Department of Health and Human Services:				
Texas Health and Human Services Commission:				
Social Services Block Grant (Family Violence Program)	93.667	529-15-0032-00056D	$ 102,013	$ 102,013
Social Services Block Grant (Family Violence Program)	93.667	529-15-0032-00056E	50,911	50,911
			152,924	152,924
Family Violence Prevention and Services Grant	93.671	529-15-0032-00056D	47,370	-
Family Violence Prevention and Services Grant	93.671	529-15-0032-00056E	23,876	-
Family Violence Prevention and Services Grant	93.671	529-15-0006-00022B	44,130	-
Family Violence Prevention and Services Grant	93.671	529-15-0006-00022C	13,673	-
			129,049	-
Family Violence Prevention and Services Grant	93.671	529-16-0015-00004	42,538	-
Texas Council of Family Violence:				
Project Safe	N/A	-	-	19,995
Total U.S. Department of Health and Human Services			324,511	172,919
U.S. Department of Housing and Urban Development:				
City of Denton:				
Community Development Block Grant Program	14.218	B-16-MC-48-0036	33,622	-
Community Development Block Grant Program	14.218	B-17-MC-48-0036	6,983	-
City of Lewisville:				
Community Development Block Grant Program	14.218	2849301	7,500	-
Community Development Block Grant Program	14.218	4428-10-2017R	3,000	-
			51,105	-
City of Denton:				
Emergency Solutions Grant Program	14.231	42170002813	11,209	-
Emergency Solutions Grant Program	14.231	42150002701	41,357	-
			52,566	-
Total U.S. Department of Housing and Urban Development			103,671	-
U.S. Department of Justice:				
Texas Department of Criminal Justice:				
Crime Victim Assistance	16.575	2554405	1,228,234	-
Crime Victim Assistance	16.575	3333801	25,597	-
Crime Victim Assistance	16.575	3347701	115,630	-
Crime Victim Assistance	16.575	3416201	49,364	-
			1,418,825	-
Batterers' Intervention Program	N/A	N/A	-	31,911
Batterers' Intervention Program	N/A	N/A	-	30,156
			-	62,067
Total U.S. Department of Justice			1,418,825	62,067
Office of Attorney General of Texas:				
Other Victims Assistance Grants	-	1770205	-	85,036
Other Victims Assistance Grants	-	1880871	-	26,378
			-	111,414
Total expenditures of federal and state awards			$ 1,847,007	$ 346,400

See notes to schedule of expenditures of federal and state awards.

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (Schedule) includes the federal and state grant activity of Denton County Friends of the Family, Inc. (Organization) The information in this schedule is presented in accordance with 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). Because the Schedule only presents a selected portion of the operations of the Organization, it is not intended and does not present the financial position, changes in net assets, or cash flows of the Organization.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.