DENTON COUNTY FRIENDS OF THE FAMILY, INC.
AND DCFOF REALTY INVESTMENTS, INC.

COMBINED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

Boards of Directors
Denton County Friends of the Family, Inc.
and DCFOF Realty Investments, Inc.

Opinion

We have audited the accompanying combined financial statements of Denton County Friends of the Family, Inc. and DCFOF Realty Investments, Inc, (the "Organization"), which comprise the combined statement of financial position as of December 31, 2023, and the related combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of December 31, 2023, and the combined changes in their net assets and their 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Prior Period Adjustment – Accrued Vacation and Other Paid Time-off

As described in Note 9 to the combined financial statements, the Organization recorded a liability for accrued vacation and other paid time-off that employees can carry-forward to the next fiscal year.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements of the Organization 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 basic consolidated 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the combined 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 30, 2023, on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Denton, Texas
April 30, 2024

FINANCIAL SECTION

DENTON COUNTY FRIENDS OF THE FAMILY, INC.
AND DCFOF REALTY INVESTMENTS, INC.
COMBINED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	Combined Total
ASSETS	
Current assets:	
Cash and cash equivalents	$ 753,153
Investments	5,570
Grants receivable	666,046
Prepaid expenses	37,267
Total current assets	1,462,036
Property and equipment, net of accumulated depreciation	1,959,355
Right-of-use assets	316,252
Security deposits	4,922
TOTAL ASSETS	$ 3,742,565
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 45,246
Accrued payroll	203,300
Current maturities of note payable	37,282
Current maturities of lease liabilities	99,582
Deferred revenue	5,162
Other liabilities	20
Total current liabilities	390,592
Note payable, net of current maturities	504,177
Lease liabilities, net of current maturities	211,983
Accrued vacation and other paid time-off	207,708
Total liabilities	1,314,460
Net Assets:	
Without donor restrictions	2,428,105
With donor restrictions	-
Total net sssets	2,428,105
TOTAL LIABILITIES AND NET ASSETS	$ 3,742,565

See accompanying notes to combined financial statements.

DENTON COUNTY FRIENDS OF THE FAMILY, INC.
AND DCFOF REALTY INVESTMENTS, INC.
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Combined Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
Revenues and gains:	
Contributions	$ 196,866
Governmental grants	131,881
Foundations	77,009
United Way	11,240
Thrift store sales	717,358
Program service fees	147,624
Special events	17,895
Rental income	-
Investment Income	13,183
Miscellaneous	16,602
Total revenues and gains	1,329,658
Net assets released from restrictions	5,756,230
Total revenues, gains, and other support	7,085,888
Expenses:	
Program services	5,895,326
Supporting services:	
Fundraising	530,919
Administration	596,396
Total expenses	7,022,641
Change in net assets without donor restrictions	63,246
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
Revenues and gains:	
Contributions	78,641
Governmental grants	5,500,590
Foundations	14,783
United Way	154,746
Miscellaneous	7,470
Total revenues and gains	5,756,230
Net assets released from restrictions	(5,756,230)
Change in net assets with donor restrictions	-
Increase in net assets	63,246
Net assets, beginning of year	2,566,491
Prior period adjustment	(201,632)
Net assets, end of year	2,428,105

See accompanying notes to combined financial statements.

DENTON COUNTY FRIENDS OF THE FAMILY, INC.
AND DCFOF REALTY INVESTMENTS, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services										Supporting Services		
	Clincal Services	Shelter	BIPP	Advocacy	Legal Services	Community Engagement	Food Pantry	Thrift Store	Volunteer Program	Total	Fundraising	Administration	Total
Salaries	$ 1,195,737	$ 383,070	$ 262,419	$ 990,155	$ 552,840	$ 290,122	$ -	$ 315,313	$ 21,750	$ 4,011,407	$ 225,370	$ 119,433	$ 344,803
Employee benefits	46,358	24,366	24,436	62,541	25,753	22,216	-	20,489	4,554	230,713	16,303	51,667	67,969
Payroll taxes	46,023	26,472	24,220	82,034	54,601	28,974	-	12,669	1,782	276,775	23,322	101,150	124,472
Total salaries and related expenses	1,288,118	433,908	311,075	1,134,730	633,194	341,312		348,470	28,086	4,518,895	264,994	272,250	537,244
Insurance	2,561	1,979	1,908	2,561	3,915	2,561				15,484	36	23,542	23,578
Rent	40,791	29,361	21,459	21,900	16,574	8,239		21,964		160,287	7,817	24,227	32,044
Utilities	11,958	23,566	4,736	10,817	4,576	5,256		4,552		65,461		8,885	8,885
Other occupancy (Repairs & Maintenance)	4,820	19,650	670	3,662	3,557	4,954		19,031		56,344	512	47,393	47,905
Travel	2,548	265	468	5,219	3,888	5,813				18,201	579	540	1,119
Conferences and training	750	485	589	2,895	9,371	7,606		74		21,770	402	3,072	3,474
Telephone and internet	3,424	10,896	1,040	2,705	2,021	2,221		960		23,267		2,861	2,861
Contract services	45,073	32,008	29,749	32,405	31,281	83,453		1,575	923	256,467	7,620	116,463	124,083
Equipment lease	6,079	13,152	5,647	7,958	5,277	7,856		339		46,308	168	7,195	7,363
Supplies	12,611	36,620	13,581	15,060	19,004	15,464	57	18,268	1,601	132,266	12,549	3,200	15,749
Postage	222	430	419	222	442	222		1,388		3,345		1,358	1,358
Advertising and publicity	219					1,444		3,792		5,455	7,658	2,783	10,441
Dues and memberships	2,071	1,500	929	1,500	2,923	1,715				10,638	440	5,330	5,770
Specific assistance to individuals	52,817	186,132		32,546	215,912	120				487,527	12,220	106	12,326
Special events - fundraising			3,465			1,688		65,058	100	70,311	215,105	625	215,730
Interest										-		18,792	18,792
Miscellaneous	16	314	54	5	5	829		1,274	803	3,301	818	426	1,244
Total expenses before depreciation	1,474,077	790,266	395,789	1,274,185	951,940	490,752		486,745	31,513	5,895,326	530,919	539,046	1,069,965
Depreciation												57,350	57,350
Total expenses	1,474,077	790,266	395,789	1,274,185	951,940	490,752		486,745	31,513	5,895,326	530,919	596,396	1,127,315

See accompanying notes to combined financial statements.

DENTON COUNTY FRIENDS OF THE FAMILY, INC.
AND DCFOF REALTY INVESTMENTS, INC.
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	Combined Total
Cash flows from operating activities:	
Change in net assets	$ 71,803
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation and amortization	44,107
Changes in operating assets and liabilities:	
Investments	(58)
Grants receivable	146,842
Prepaid Expenses	(37,267)
Accounts payable	36,696
Accrued Payroll	(14,272)
Deferred Revenue	5,162
Accrued vacation and other paid time-off	
Security deposits	
Other Liabilities	20
Net cash provided (used) by operating activities	253,033
Cash flows from investing activities:	
Payments for property and equipment	
Net cash provided (used) by investing activities	-
Cash flows from financing activities:	
Repayment of note payable	(66,109)
Net cash provided (used) by financing activities	(66,109)
Net change in cash and cash equivalents	185,429
Cash and cash equivalents, beginning of year	567,724
Cash and cash equivalents, end of year	$ 753,153
Supplemental disclosure of cash flow information:	
Interest paid during the year	$ 18,792
Non-cash investing and financing activities:	
Increase in right-of-use assets by entering into operating leases	$ 316,252

See accompanying notes to combined financial statements.

DENTON COUNTY FRIENDS OF THE FAMILY, INC.
AND DCFOF REALTY INVESTMENTS, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 – Organization

Denton County Friends of the Family, Inc., ("Denton County Friends of the Family) is a Texas nonprofit corporation that provides services to families experiencing family violence (including spousal and child abuse) and victims of sexual assault. Denton County Friends of the Family accomplishes its mission through a variety of programs including a 24-hour crisis hotline, residential shelter, counseling, community education, a thrift store, and legal advocacy.

DCFOF Realty Investments, Inc, ("DCFOF Realty") is a Texas nonprofit corporation that owns property, which it leases to Denton County Friends of the Family. The board of directors of Denton County Friends of the Family appoints the board of directors of DCFOF Realty.

The financial statements of both organizations, Denton County Friends of the Family and DCFOF Realty, (collectively, the "Organization"), have been combined for financial reporting purposes as both organizations are necessary to accomplish the mission of Denton County Friends of the Family.

The Organization is supported primarily by government grants and charitable contributions.

Note 2 - Summary of Significant Accounting Policies

Principles of Combination

The financial statements of Denton County Friends of the Family and DCFOF Realty have been combined for reporting purposes. All transactions between the two organizations have been eliminated for financial reporting purses.

Basis of Accounting

The Organization's combined financial statements have been prepared using the accrual basis of accounting. Revenues and related assets are recognized when earned; expenses and related liabilities are recognized when incurred, regardless of when cash is exchanged.

Presentation of Net Assets

Net assets are classified in accordance with donor-imposed stipulations:

> *Net assets with donor restrictions* are net assets subject to donor-imposed stipulations that are satisfied by compliant actions of the Organization or the passage of time.
>
> *Net assets without donor restrictions* are net assets that can be used for any purpose that is consistent with the mission of the Organization.

Revenues are reported as either net assets with or without donor restrictions. All expenses, however, are reported as net assets without donor restrictions as expenses are incurred and donor stipulations are satisfied. Donor restrictions pertaining to property and equipment are satisfied when the asset is placed in service.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with a maturity of three months or less.

Financial Instruments and Credit and Market Risk Concentrations

Financial instruments are subject to concentrations of credit and market risk. Cash and cash equivalents are placed in financial institutions with high credit ratings to minimize risk. Grants receivable are unsecured and due from grantor agencies under cost reimbursement or advanced-funding agreements. The Organization continually evaluates the collectability of grants receivable for potentially uncollectible amounts.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at the estimated fair market value of the property or equipment on the date of the gift. Depreciation expense is computed using the straight-line method over estimated useful lives ranging from five to 40 years for buildings and improvements and five to seven years for equipment. Depreciation expense totaled $57,350 for the year ended December 31, 2023.

Right of Use Assets and Related Capitalized Leases

In accordance with lease accounting standards, the Organization capitalizes lease obligations exceeding one year that grant the right to use property and equipment that is necessary to accomplish the mission of the Organization ("right of use assets"). Right of use assets and related capitalized lease liabilities are recorded at the present value of future lease payments; lease expense is recorded over the lease term. The Organization recognizes lease expense consisting of the amortization of right of use assets and interest expense associated with the related capitalized lease obligations. For its capitalized operating leases, the amortization of right of use assets is recognized on a straight-line basis over the lease terms. Amortization of the capitalized lease obligation is recognized using the effective interest method. To calculate the interest component using a portfolio approach, the Organization used its incremental borrowing rate of 3.99%.

The Organization has one related party lease agreement between Denton County Friends of the Family and DCFOF Realty, the effects of which have been eliminated in the combination of the financial statements.

Revenue Recognition

Charitable contributions to not-for-profit organizations are recognized as revenue at their present value when an unconditional promise to give is received. Conditional promises to give are not recognized as revenue until all conditions have been satisfied. The Organization had no unconditional promises to give at the year of its fiscal year.

Not-for-profit organizations also recognize contribution revenue for services that create or enhance non-financial assets or require specialized skills typically purchased if not provided by donation. The Organization had no contributed services that met these criteria for recognition during the fiscal year.

Grant revenue is recognized when qualifying expenses are incurred in accordance with specific or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances (deferred revenue) on the Organization's combined statement of financial position.

Allocation of Expenses

The cost of providing various programs have been summarized by program/function in the combined statement of activities and by program/function and natural classification in the combined statement of functional expenses. Some expenses are allocated to programs/functions based on reasonable estimates of square footage used and time spent by employees on the Organization's programs/functions.

Estimates and Assumptions

The preparation of combined financial statements requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from estimated amounts.

Contract Compliance

The Organization is responsible for compliance with the requirements of grant agreements. Noncompliance could result in disallowance of expenditures and requests for reimbursement. In the opinion of the Organization's management, such disallowances, if any, would not be material to the Organization's combined financial statements.

Grant Funding Concentrations

As of December 31, 2023, the Organization had balances due from two government agencies totaling approximately 36% of total grants receivable. In addition, the Organization received funding from one state agency during 2023 totaling approximately 36% of total revenue.

Federal Income Tax

The Organization is exempt from federal income tax. However, income generated from unrelated business income is subject to income tax. For the year ended December 31, 2023, the Organization did not have any unrelated business income or uncertain tax positions. Therefore, no tax provision is reported in the accompanying combined financial statements.

Note 3 - Property and Equipment

Property and equipment consist of the following as of December 31, 2023:

	Combined Total
Land and improvements	$ 1,311,200
Buildings and improvements	922,292
Furniture and equipment	145,676
Vehicles	64,000
	2,443,168
Accumulated Depreciation	(483,813)
Total	$ 1,959,355

Note 4 – Right of Use Assets

Right of use assets as of December 31, 2023, consist of leased space at 920 Dallas Drive (Denton, Texas), leased space at 732 Savannah Blvd. (Savannah, Texas), and leased equipment for a voice over IP (VOIP) telephone system. These assets are being amortized over the terms of their respective leases, which range from two to five years.

Note 5 – Line of Credit

The Organization has a $250,000 line of credit for working capital purposes. Interest is due monthly at 3.5%; outstanding principal is due on demand. If no demand is made, all unpaid principal and interest is due on January 1, 2025. The line of credit is collateralized by the Organization's depository accounts, grants receivable, and property and equipment. There were no outstanding balances outstanding as of December 31, 2023.

Note 6 – Note Payable

The Organization has a note payable to a bank totaling $541,459 as of December 31, 2023. Monthly payments at 3.99% are $4,855, and the loan fully amortizes on January 1, 2037. The note is collateralized by the Organization's buildings and improvements.

Principal payments for the next five years are $37,282 in 2024; $38,797 in 2025; $40,373 in 2026; $42,014 in 2027, and $43,721 in 2028.

Note 7 – Leases

The Organization leases program facilities under non-cancelable lease agreements expiring in July 2029. Rent expense totaled $192,331 for the year ended December 31, 2023.

Future minimum lease payments for the next five years are $99,582 in 2024; $83,547 in 2025; $84,864 in 2026; $64,404 in 2027, and none in 2028.

Note 8 – Liquidity and Availability of Resources

Financial assets that are available to meet general expenditures within one year as of December 31, 2023, are as follows:

Cash and cash equivalents	$ 753,153
Investments	5,570
Grants receivable	666,046
	$ 1,262,201

In the event of an unanticipated liquidity event, the Organization could draw up to $250,000 from is available line of credit until January 1, 2025.

Note 9 – Prior Period Adjustments

For the first time, the Organization recorded a liability for accrued vacation and other paid time-off that employees can carry-forward to the next fiscal year. The effect of this prior period adjustment is to reduce beginning net assets without donor restrictions by $201,632.

Note 10 – Subsequent Events

The Organization has evaluated events after the balance sheet date and has concluded no additional disclosures are required.

FEDERAL AND STATE AWARDS SECTION

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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*

Boards of Directors
Denton County Friends of the Family, Inc.
and DCFOF Realty Investments, Inc.

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 combined financial statements of Denton County Friends of the Family, Inc. and DCFOF Realty Investments, Inc. (the "Organization"), which comprise the combined statement of financial position as of December 31, 2023, and the related combined statements of activities, functional expenses, and cash flows for the year ended, and the related notes to the combined financial statements, and have issued our report dated April 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization'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 consolidated 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined 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 and 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.

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Denton, Texas
April 30, 2024

HankinsEastup

Deaton Tonn Seay & Scarborough | A Texas LLC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Boards of Directors
Denton County Friends of the Family, Inc.
and DCFOF Realty Investments, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Denton County Friends of the Family, Inc. and DCFOF Realty Investments, Inc.'s (the "Organization's") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally acceptable 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; and the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Organization 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 with each major federal program. Our audit does not provide a legal determination of the Organization'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 or effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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 the Organization'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, *Governmental 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 judgement made by a reasonable user of the report on compliance about the Organization'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 effort, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding the Organization'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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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.

Our audit was designed for the purpose of expressing an opinion on the effectiveness of internal conrol 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.

Hankins Eastup Deaton Tonn Seay & Scarborough, LLC

Denton, Texas
April 30, 2024

DENTON COUNTY FRIENDS OF THE FAMILY, INC.
AND DCFOF REALTY INVESTMENTS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2023

SUMMARY OF AUDITOR'S RESULTS

Combined Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified	None
• Significant deficiencies identified	None
Noncompliance material to financial statements	None

Federal Awards

Internal control over major federal programs:	
• Material weaknesses identified	None
• Significant deficiencies identified	None
Type of auditors' report issued on compliance with major federal programs:	Unmodified
Audit findings that are required to be reported in compliance with 2 CFR 200.516(a)?	None

Identification of major federal programs:

- Assistance Listing Number 16.575 – Crime Victim Assistance – Victims of Crime Act Formula Grant (VOCA)

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Low-risk or high-risk auditee:	High-risk

Findings – Financial Statement Audit

None

Findings and Questioned Costs – Major Federal Award Programs Audits

None

DENTON COUNTY FRIENDS OF THE FAMILY, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED DECEMBER 31, 2023

Grantor/Pass-through Grantor/Program Title	Assistance Listing #	Pass-through Grantor's #	Federal Expenditures	State Expenditures	Pass-through to Subrecipients
FEDERAL AWARDS:					
U.S. Department of Health and Human Services					
Direct Programs:					
None			$ -	$ -	$ -
Total Direct Programs			-	-	-
Pass-through Texas Health and Human Services Commission:					
Family Violence Prevention and Services Act	93.671	HHS000380000033	304,973		
Social Services Block Grant	93.667	HHS000380000033	393,296		
Family Violence Prevention and Services Act	93.671	HHS001108000014	175,522		
Social Services Block Grant	93.667	HHS001102100013	297,932		
Total Pass-through Texas Health and Human Services Commission			1,171,723	-	-
Pass-through Texas Association Against Sexual Health:					
American Rescue Plan for Survivors of Sexual Assault	93.447	ARP-FY24-DC0133-MAP-2	92,199		
Sexual Assault Services Program	16.023	SASP-FY24-DC0159	21,243		
Total Pass-through Texas Association Against Sexual Health			113,441	-	-
Total U.S. Department of Health and Human Services			$ 1,285,164	$ -	$ -
U.S. Department of Housing and Urban Development					
Direct Programs:					
Continuum of Care Program	14.267	TX0691D6T072200	$ 61,852	$ -	$ -
Total Direct Programs			61,852	-	-
Pass-through City of Denton, Texas:					
Community Development Block Grant	14.218	N/A	50,000		
Community Development Block Grant	14.218	22-876	215,292		
Total Pass-through City of Denton, Texas			265,292		
Pass-through Town of Flower Mound, Texas:					
Community Development Block Grant	14.218	N/A	55,485		
Total Pass-through Town of Flower Mound, Texas			55,485	-	-

See accompanying notes to schedule of expenditures of federal awards.

DENTON COUNTY FRIENDS OF THE FAMILY, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (continued)
YEAR ENDED DECEMBER 31, 2023

Grantor/Pass-through Grantor/Program Title	Assistance Listing #	Pass-through Grantor's #	Federal Expenditures	State Expenditures	Pass-through to Subrecipients
Pass-through City of Lewisville, Texas:					
Community Development Block Grant	14.218	N/A	12,000		
Total Pass-through City of Lewisville, Texas			12,000	-	-
Pass-through the Texas Department of Housing & Community Affairs:					
Emergency Solutions Grants Program	14.231	E-20-DC-48-0001	282,972		
Total Pass-through the Texas Department of Housing & Community Affairs			282,972	-	-
Total U.S. Department of Housing and Urban Development			$ 677,602	$ -	$ -
U.S. Department of Justice					
Direct Programs:					
None			$ -	$ -	$ -
Total Direct Programs			-	-	-
Pass-through Texas Office of Governor Criminal Justice Division:					
Victims of Crime Act Formula Grant CJD-CS	16.575	2554409	2,551,876		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	4450701	49,081		
Total Pass-through Texas Office of Governor Criminal Justic Division			2,600,957	-	-
Pass-through Texas Office for Victims of Crime:					
Improving Criminal Justice Responses to Domestic Violence, Dating Violence, Sexual Assault, and Stalking Grant Program	16.590	15JOVW-21-GG-02041-ICJR	120,870		
Total Pass-through Texas Office for Victims of Crime			120,870	-	-
Total U.S. Department of Justice			$ 2,721,827	$ -	$ -
U.S. Department of Homeland Security (FEMA)					
Direct Programs:					
None			$ -	$ -	$ -
Total Direct Programs			-	-	-

See accompanying notes to schedule of expenditures of federal awards.

DENTON COUNTY FRIENDS OF THE FAMILY, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (continued)
YEAR ENDED DECEMBER 31, 2023

Grantor/Pass-through Grantor/Program Title	Assistance Listing #	Pass-through Grantor's #	Federal Expenditures	State Expenditures	Pass-through to Subrecipients
Pass-through United Way:					
Emergency Food and Shelter National Board Program	97.024	Phase 39	55,000		
Total Pass-through United Way			55,000	-	-
Total U.S. Department of Homeland Security (FEMA)			$ 55,000	$ -	$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 4,739,593	$ -	$ -
STATE AWARDS:					
Texas Health and Human Services Commission					
Family Violence Services	-	HHS000380000033	$ -	$ 55,886	$ -
Family Violence Enhanced Services	-	HHS001102100013		230,730	
Total Texas Health and Human Services Commission			$ -	$ 286,616	$ -
Texas Office of the Governor Criminal Justice Division					
State Criminal Justice Planning (421) Fund	-	4229602	$ -	$ 56,329	$ -
Total Texas Office of the Governor Criminal Justice Division			$ -	$ 56,329	$ -
Texas Office of the Attorney General					
Sexual Assault Prevention & Crisis Services OAG	-	C-00088	$ -	$ 184,139	$ -
Other Victims Assistance Grant (OVAG)	-	C-00279		49,788	
Total Texas Office of the Attorney General			$ -	$ 233,927	$ -
Texas Department of Criminal Justice					
Batter's Intervention/Prevention - FY22	-	-	$ -	$ 159,691	$ -
Total Texas Department of Criminal Justice			$ -	$ 159,691	$ -
TOTAL EXPENDITURES OF STATE AWARDS			$ -	$ 736,562	$ -

See accompanying notes to schedule of expenditures of federal awards.

DENTON COUNTY FRIENDS OF THE FAMILY, INC.
AND DCFOF REALITY INVESTMENTS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal grant activity of Denton County Friends of the Family, Inc. and DCFOF Reality Investments, Inc. (the "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, change in net assets, or cash flows of the Organization.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. 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.

Note 3 – Indirect Cost Rate

The Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.