

WILKINSON CENTER

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021





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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wilkinson Center

Opinion

We have audited the accompanying consolidated financial statements of Wilkinson Center (“the Center”) (nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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 the Center’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors’ 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 9, 2024 on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Center's internal control over financial reporting and compliance.

Summarized Comparative Information

The financial statements of Wilkinson Center as of June 30, 2021, were audited by us and our report was dated February 17, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Haynie & Company

*Dallas, Texas
February 9, 2024*

Wilkinson Center
Statements of Financial Position
As of June 30, 2022 and 2021

	2022	2021
Assets		
<i>Current assets</i>		
Cash	\$ 935,320	855,917
Accounts receivable	356,397	230,011
Prepaid expenses	41,117	50,574
<i>Total current assets</i>	1,332,834	1,136,502
<i>Other assets</i>		
Deposits	3,853	1,005
Depreciable assets, net	105,016	131,291
<i>Total other assets</i>	108,869	132,296
<i>Total assets</i>	\$ 1,441,703	1,268,798
Liabilities and Net Assets		
<i>Current liabilities</i>		
Accounts payable	\$ 8,876	21,676
Accrued liabilities	49,071	48,873
Deferred revenue	75,000	50,187
<i>Total current liabilities</i>	132,947	120,736
<i>Noncurrent liabilities</i>		
Deferred rent	2,182	21,841
<i>Total noncurrent liabilities</i>	2,182	21,841
<i>Total liabilities</i>	135,129	142,577
<i>Net assets</i>		
Without donor restrictions	544,641	462,034
With donor restrictions	761,933	664,187
<i>Total net assets</i>	1,306,574	1,126,221
<i>Total liabilities and net assets</i>	\$ 1,441,703	1,268,798

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

Wilkinson Center
Statements of Activities
For the Years Ended June 30, 2022 and 2021

	2022			2021
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues and support				
Government grants	\$ 1,259,156	\$ -	\$ 1,259,156	\$ 1,262,515
Contributions	561,787	1,238,752	1,800,539	1,836,810
Special events, net of expenses	251,365	-	251,365	190,876
In-kind donations	90,746	-	90,746	98,241
Dividend income	2,303	-	2,303	224
Miscellaneous income	8,342	-	8,342	10,774
Net assets released from restrictions	<u>1,141,006</u>	<u>(1,141,006)</u>	<u>-</u>	<u>-</u>
Total local support	<u>3,314,705</u>	<u>97,746</u>	<u>3,412,451</u>	<u>3,399,440</u>
Functional expenses				
Program	2,376,562	-	2,376,562	2,409,195
Management and General	407,964	-	407,964	385,496
Fund: Fund raising	<u>447,572</u>	<u>-</u>	<u>447,572</u>	<u>447,743</u>
Total Expenses	<u>3,232,098</u>	<u>-</u>	<u>3,232,098</u>	<u>3,242,434</u>
Change in net assets	82,607	97,746	180,353	157,006
Net assets, beginning of year	<u>462,034</u>	<u>664,187</u>	<u>1,126,221</u>	<u>969,215</u>
Net assets, end of year	<u>\$ 544,641</u>	<u>\$ 761,933</u>	<u>\$ 1,306,574</u>	<u>\$ 1,126,221</u>

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

Wilkinson Center
Statements of Functional Expenses
For the Years Ended June 30, 2022 and 2021

	2022			2021	
	Program Activities	General and Administrative	Fundraising	Total	Total
Bank fees	\$ 316	\$ 2,563	\$ 10,567	\$ 13,446	\$ 11,486
Depreciation	-	32,028	-	32,028	32,734
Food and emergency assistance	199,407	794	9,619	209,820	646,437
Insurance	13,113	3,027	1,054	17,194	13,970
Dues and subscriptions	44,541	6,023	8,872	59,436	23,712
Miscellaneous	9,780	(4,784)	276	5,272	8,633
Furniture and equipment	4,074	29,251	-	33,325	15,122
Occupancy	251,458	26,218	13,131	290,807	264,469
Personnel	1,563,514	206,028	274,297	2,043,839	1,837,613
Postage and delivery	379	40	216	635	6,505
Printing and reproduction	1,769	1,482	37,249	40,500	15,444
Professional fees	30,904	86,268	49,477	166,649	91,954
Advertising	155	9,747	5,204	15,106	25,018
In-kind	90,746	-	-	90,746	5,523
Supplies	34,091	465	31,133	65,689	39,849
Telephone and internet	19,508	1,856	1,739	23,103	21,301
Training and seminars	11,553	50	-	11,603	3,616
Travel	9,317	417	372	10,106	5,522
Curriculum	39,656	-	-	39,656	8,138
IT expense	42,657	6,491	4,366	53,514	87,825
Outside services	9,624	-	-	9,624	77,563
	<u>\$ 2,376,562</u>	<u>\$ 407,964</u>	<u>\$ 447,572</u>	<u>\$ 3,232,098</u>	<u>\$ 3,242,434</u>

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

Wilkinson Center
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
<i>Cash flows from operating activities</i>		
Change in net assets	\$ 180,353	\$ 157,006
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	32,028	32,734
Changes in:		
Accounts payable	(126,386)	(67,079)
Other assets	-	3,136
Prepaid expenditures	9,457	(9,393)
Deposits	(2,848)	4,702
Accounts payable	(12,800)	1,987
Accrued liabilities	198	(16,704)
Deferred revenue	24,813	21,187
Deferred rent	(19,659)	-
	<u>\$ 85,156</u>	<u>\$ 127,576</u>
<i>Net cash provided by operating activities</i>		
<i>Net cash flows used in from investing activities</i>		
Purchase of equipment	(5,753)	(106,349)
	<u>(5,753)</u>	<u>(106,349)</u>
<i>Net cash used in investing activities</i>		
<i>Net cash flows used in (provided by) from financing activities</i>		
Forgiveness of PPP loan	-	(173,600)
	<u>-</u>	<u>(173,600)</u>
<i>Net cash used in (provided by) financing activities</i>		
<i>Net change in cash and cash equivalents</i>	79,403	(152,373)
<i>Cash and cash equivalents at beginning of year</i>	855,917	1,008,290
	<u>855,917</u>	<u>1,008,290</u>
<i>Cash and cash equivalents at end of year</i>	\$ 935,320	\$ 855,917
	<u>935,320</u>	<u>855,917</u>
<i>Supplemental disclosures of cash flow information:</i>		
<i>Cash paid during the year for:</i>		
In-Kind Donations	\$ 90,746	\$ 98,241
Interest	\$ -	\$ -
	<u>90,746</u>	<u>98,241</u>
	<u>\$ -</u>	<u>\$ -</u>

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

WILKINSON CENTER

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of activities

The mission of Wilkinson Center (the "Center") is to transform the lives of Dallas families by promoting pathways to self-sufficiency with dignity and respect. The Center was incorporated under the laws of the State of Texas in 1997. The Center is supported primarily through various donor contributions. The Center responds to a variety of critical needs across Dallas County, concentrating on meeting needs through the following:

- 1) Food and Emergency Services;
- 2) Adult Education (GED study, English as a second language and financial coaching);
- 3) Job readiness training and employment search.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. The Center presents its financial statements in accordance with ASC 958, "Not-for-Profit Entities". Under ASC 958, the Center is required to report information regarding its financial position and activities according to two categories of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors (if any) are reported as net assets without donor restrictions, board-designated.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2022 and 2021, were \$15,106 and \$25,018, respectively. Advertising costs consist of print and internet advertising.

Cash equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

WILKINSON CENTER

Notes to Financial Statements

1. Summary of Significant Accounting Policies, continued

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in the next year, are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Deferred Rent

Deferred expense is being recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments, as stipulated in the lease, is reflected as deferred rent in the statements of financial position.

Compensated absences

Compensated absences cannot be reasonably estimated and are therefore recorded at cost when paid.

Revenue Recognition

Effective September 1, 2019, the Center adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606) and related amendments, which creates a single source of revenue guidance for all companies in all industries and is more principles-based than previous revenue guidance. Under ASU 2014-09, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Center expects to be entitled in exchange for those goods and services. The Center adopted the standard using the modified retrospective approach, results for reporting periods beginning after September 1, 2019 are presented under Topic 606.

The Center's revenues consist of contributions and grants. Contributions consist of funds donated to the Academy without donor stipulations. Grant revenue includes funds from private and public entities for a particular purpose. Grants do not require transfer of goods and services in return for the funds and therefore there is no impact of the implementation of FASB ASU 2014-09, as related to grant revenues. As such, the adoption of this standard did not result in significant changes to the Center's accounting policies, business processes, systems or controls, or have an impact on its financial position, results of operations or cash flows. Therefore, prior period financial statements were not recast and there was no cumulative effect adjustment upon adoption.

Depreciable assets

Depreciable assets are stated at cost or at estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Center capitalizes all expenditures over \$5,000 to depreciable assets. Depreciation is provided using the straight-line method over estimated useful life of the assets.

WILKINSON CENTER

Notes to Financial Statements

1. Summary of Significant Accounting Policies, continued

Income taxes

The Center is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Center has been determined by the Internal Revenue Service to be a public charity within the meaning of Section 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code. There was no unrelated business income for 2020-2021.

The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to July 1, 2017.

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

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Date of Management's Review

Subsequent events were evaluated through February 9, 2024, which is the date the financial statements were available to be issued.

2. Liquidity

The following reflects the Center's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2022	2021
Financial assets, at year-end	\$ 1,291,717	\$ 1,085,928
Less, assets unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	<u>761,933</u>	<u>664,187</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>529,784</u></u>	\$ <u><u>421,741</u></u>

WILKINSON CENTER

Notes to Financial Statements

3. Property and Equipment

The following is a summary of property and equipment as of:

June 30, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclass/ Retirement</u>	<u>Ending Balance</u>
Office and computer equipment	\$ 124,842	\$ -	\$ -	\$ 124,842
Computer software	132,055	-	-	132,055
Vehicles	111,743	-	-	111,743
Office furniture	33,456	-	-	33,456
Food pantry	35,514	5,753	-	41,267
Leasehold improvements	<u>202,616</u>	<u>-</u>	<u>-</u>	<u>202,616</u>
Total property and equipment	640,226	5,753	-	645,979
Less: accumulated depreciation	<u>508,935</u>	<u>32,028</u>	<u>-</u>	<u>540,963</u>
Property and equipment, net	\$ <u>131,291</u>	\$ <u>(26,275)</u>	\$ <u>-</u>	\$ <u>105,016</u>

June 30, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclass/ Retirement</u>	<u>Ending Balance</u>
Office and computer equipment	\$ 124,842	\$ -	\$ -	\$ 124,842
Computer software	119,977	12,078	-	132,055
Vehicles	28,779	82,964	-	111,743
Office furniture	33,456	-	-	33,456
Food pantry	27,707	7,807	-	35,514
Leasehold improvements	<u>199,116</u>	<u>3,500</u>	<u>-</u>	<u>202,616</u>
Total property and equipment	533,877	106,349	-	640,226
Less: accumulated depreciation	<u>476,201</u>	<u>32,734</u>	<u>-</u>	<u>508,935</u>
Property and equipment, net	\$ <u>57,676</u>	\$ <u>73,615</u>	\$ <u>-</u>	\$ <u>131,291</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$32,028 and \$32,734, respectively.

WILKINSON CENTER

Notes to Financial Statements

4. Due from Grantor Agencies

As of June 30, 2022, the Center had earned the following revenues which were not received until after the end of the fiscal year:

Federal grants	\$340,409
Other grants	<u>15,988</u>
Total	<u>\$356,397</u>

5. Deferred revenue

In May of 2022, the Center received advanced funding of a grant in the amount of \$75,000 which was not earned until after fiscal year end.

6. Net Assets with Donor Restrictions

Net Assets with donor restrictions are available for the following purposes at June 30, 2022 and 2021.

	2022	2021
Working Family Success	\$ 241,026	\$ 52,554
COVID-19	205,441	205,587
Administrative and technology	158,932	73,782
Food and emergency assistance	145,885	205,095
Other programs	<u>10,649</u>	<u>127,169</u>
	<u>\$ 761,933</u>	<u>\$ 664,187</u>

7. Contributions

The sources of contributions for the years ending June 30, 2022 and 2021 were as follows:

	2022	2021
Foundations	\$ 836,353	\$ 583,930
Churches	66,039	92,410
Corporations	201,223	322,377
Individuals	506,031	110,461
Other organizations	<u>190,893</u>	<u>727,632</u>
	<u>\$ 1,800,539</u>	<u>\$ 1,836,810</u>

WILKINSON CENTER

Notes to Financial Statements

8. Commitments and Contingencies

The Center leases office spaces under a non-cancellable lease agreements with expiration dates through October 2032. Minimum lease payments under the remaining operating lease are as follows:

For the years ending June 30,

2023	\$	104,259
2024		113,883
2025		94,502
2026		97,309
2027		100,116
Thereafter		<u>581,050</u>
Total	\$	<u>1,091,119</u>

Total rent expense (including common area maintenance charges) on these leases for the year ended June 30, 2022 and 2021 was \$237,754 and \$215,067, respectively. The expenses are included in occupancy expenses on the Statements of Functional Expenses.

8. Paycheck Protection Program Loan

On April 16, 2020, the Center was granted a loan from Frost Bank in the aggregate amount of \$173,600, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a Note dated April 16, 2020 issued by the bank, matures on April 16, 2022 and bears interest at a rate of 1.0% per annum. The Note may be prepaid by the Center at any time prior to maturity with no prepayment penalties. The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. During the year ended June 30, 2021, the Center met the conditions for forgiveness of the loan, and the amount is reflected in governmental grants on the Statement of Activities.

9. Line of Credit

On October 6, 2017, the Center entered into a line of credit agreement with Frost Bank. The maximum amount of the line of credit was set at \$150,000. It is not secured by collateral. The interest rate was subject to change from time to time based on changes in an independent index which is the prime rate as quoted in the most recently published issue of *The Wall Street Journal* (US Edition) in the "Money Rates" section. at June 30, 2022. As of June 30, 2022 and 2021, the Center had no outstanding balance under this line of credit.

WILKINSON CENTER

Notes to Financial Statements

10. Credit Concentration, Risk and Contingency

The Center operates entirely within the Dallas, Texas area. The majority of the Center's revenue is from contributions. Therefore, the financial activities of the Center are subject to the economic conditions of the area. Approximately 36% and 37% of the Center's total support for the years ended June 30, 2022 and 2021, respectively, were from government grants. Receivables from government grants represented approximately 96% and 93% of receivables at June 30, 2022 and 2021, respectively.

The Center maintains cash balances in bank accounts that may, at times, exceed federally insured limits. The Center has not incurred any losses from such accounts, and management considers the risk of loss to be minimal.

11. Subsequent Events

The Center has evaluated subsequent events through the date of the Independent Auditor's Report, the date which the financial statements were available to be issued, and determined that there were no additional subsequent events or transactions that require recognition or disclosure in the financial statements as of June 30, 2022.

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

*To the Board of Directors
Wilkinson Center*

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 Wilkinson Center (the "Center") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 9, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness. 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instances of noncompliance or other matters that is required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as item 2022-001.

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 Center'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.

Haynie & Company

*Dallas, Texas
February 9, 2024*

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

To the Board of Directors
Wilkinson Center

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wilkinson Center ("the Center") (a nonprofit organization) compliance with the types of compliance requirements identified as a subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2022. The 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 the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

Auditors' 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 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 generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program to determine the auditing as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.*
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 the 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 the 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 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. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Haynie & Company

*Dallas, Texas
February 9, 2024*

WILKINSON CENTER
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

PART I – SUMMARY OF AUDITORS’ RESULTS

Financial Statement Section

1. The type of report issued on the general-purpose financial statements: **Modified**
2. Significant deficiencies in internal controls were disclosed by the audit of the financial statements: **None reported**. Material Weaknesses: **See finding 2022-001**
3. Noncompliance that is material to the financial statements: **See finding 2022-001**

Federal Awards Section

1. The type of report issued on compliance for major programs: **Unmodified**
2. Significant deficiencies in internal controls were disclosed by the audit of the major programs: **None reported**. Material Weaknesses: **No**
3. Any audit findings that are required to be reported under 2 CFR section 200.516(a): **No**
4. Major Programs:

Adult Education – Basic Grants to States	84.002
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5. Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**
6. Auditee qualified as a low-risk auditee: **No**

PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

Material Weakness and Noncompliance

2022-001 Tracking of Restricted Net Assets

Criteria: Audits performed in accountants with generally accepted accounting principles require that net assets related to outstanding donor restrictions be reported separately from net assets without donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. This includes additions during the year as well as amounts released as restrictions are satisfied.

WILKINSON CENTER
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

PART II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS - continued

Condition: *The Center was unable to submit the audit report by the 9 month deadline. This was due to personnel turnover, the tracking of individual donor restrictions was lost and was required to be rebuilt causing significant delays in the performance of the audit. The restrictions related to non-governmental grants, and therefore, no weakness were noted in the tracking of federal revenues earned and received.*

Effect: *The delay resulted in the audit being completed after the required nine month due date to the federal clearinghouse.*

Recommendation: *The schedule of restrictions should be maintained throughout the year to prevent delays in financial reporting.*

Corrective Action: *Management has already corrected the schedule and anticipates timely filings of future reports. The financial report for the fiscal year ending June 30, 2023 is nearing completion and the Center anticipates it being filed in advance of the required due date.*

PART III – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None

WILKINSON CENTER
Summary Schedule of Prior Audit Findings and Current Results
Year ended June 30, 2022

There were no prior year audit findings.

Wilkinson Center
Schedule of Expenditures of Federal Awards
June 30, 2022

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal ALN</u>	<u>Agency or Pass-through Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through Dallas County Local Workforce Development Board, Inc.</i>			
Adult Education - Basic Grants to States	84.002		\$ <u>1,234,959</u>
Total U.S. Department of Education			<u>1,234,959</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through United Way</i>			
Emergency Food and Shelter Program	97.024	782600-027	<u>24,197</u>
Total Passed Through United Way			<u>24,197</u>
Total U.S. Department of Health and Human Services			<u>24,197</u>
Total Federal Awards			\$ <u>1,259,156</u>

The accompanying notes are an integral part of this schedule

WILKINSON CENTER
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the Federal grant activity of Wilkinson Center (“the Center”) and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operation of the Center, it is not intended to and does not present the financial position, changes in net assets, and cash flows of the Center.

2. Summary of Significant Accounting Policies

Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Subpart E of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Commitments and Contingencies

Federal grants received by the Center are subject to review and audit by grantor agencies. The Center’s management believes that the results of such audits will not have a material effect on the Schedule.

4. Election To Use 10% De Minimis Indirect Cost Rate

The Center has elected not to use the 10% de minimis indirect cost rate allowed under uniform guidance.