

# **Wilkinson Center**

Audit Report and Financial Statements

June 30, 2018 and For the Six Months Ended June 30, 2017

Wilkinson Center  
 Financial Statements and Supplementary Reports  
 June 30, 2018 and 2017

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**Independent Auditor's Report**

To the Board of Directors of  
Wilkinson Center

We have audited the accompanying financial statements of Wilkinson Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and June 30, 2017, and the related statements of financial activities, functional expenses, and cash flows for the twelve- and six- month periods then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Wilkinson Center as of June 30, 2018 and June 30, 2017, and the related statements of financial activities, functional expenses, and cash flows for the twelve- and six-month periods then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standard, we have also issued our report dated January 23, 2019, 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 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 Center's internal control over financial reporting and compliance.



THOMAS STEPHEN & COMPANY, LLP  
Dallas, Texas  
January 23, 2019

Wilkinson Center  
Statement of Financial Position  
June 30, 2018 and 2017

	2018	2017
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 362,020	\$ 439,745
Pledges receivable, current	421,470	527,891
Other Account receivables	-	2,137
Other assets	46,261	2,084
Prepaid expenses	5,753	23,201
Total current assets	835,504	995,058
Noncurrent assets		
Deposits	5,707	-
Property and equipment, net	131,720	127,842
Total noncurrent assets	137,427	127,842
Total assets	\$ 972,931	\$ 1,122,900
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payables	\$ 46,837	\$ 16,877
Accrued liabilities	39,549	32,591
Total current liabilities	86,386	49,468
Long-term liability		
Deferred rent	30,301	37,332
Total long-term liability	30,301	37,333
Total liabilities	116,686	86,801
Net assets		
Unrestricted	537,271	621,260
Temporarily restricted	318,974	414,839
Total net assets	856,245	1,036,099
Total liabilities and net assets	\$ 972,931	\$ 1,122,900

See accompanying notes.

Wilkinson Center  
Statement of Financial Activities  
For the Year Ended June 30, 2018

	Unrestricted	Temporarily restricted	Total
Revenue and support			
Contributions	\$ 779,525	\$ 1,552,472	\$ 2,331,997
In-kind donations	158,304	-	158,304
Dividend income	4,218	-	4,218
Miscellaneous income	2,874	-	2,874
Net assets released from restrictions	1,648,337	(1,648,337)	-
Total revenue and support	<u>2,593,258</u>	<u>(95,865)</u>	<u>2,497,393</u>
Functional expenses			
Program	2,040,361	-	2,040,361
Management and general	87,017	-	87,017
Fundraising	549,868	-	549,868
Total Functional expenses	<u>2,677,247</u>	<u>-</u>	<u>2,677,247</u>
Decrease in net assets	(83,989)	(95,865)	(179,854)
Net assets, beginning of year	<u>621,260</u>	<u>414,839</u>	<u>1,036,099</u>
Net assets, end of year	<u>\$ 537,271</u>	<u>\$ 318,974</u>	<u>\$ 856,245</u>

See accompanying notes.

The Wilkinson Center  
Statement of Financial Activities  
For the Six Months Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Revenue and support			
Contributions	\$ 422,552	\$ 914,252	\$ 1,336,804
In-kind donations	50,836	-	50,836
Dividend Income	387	-	387
Miscellaneous income	2,767	-	2,767
Net assets released from restrictions	685,152	(685,152)	-
Total revenue and support	<u>1,161,694</u>	<u>229,100</u>	<u>1,390,794</u>
Functional expenses			
Program	949,969	-	949,969
Management and general	60,666	-	60,666
Fundraising	254,831	-	254,831
Total Functional expenses	<u>1,265,465</u>	<u>-</u>	<u>1,265,465</u>
Decrease in net assets	(103,771)	229,100	125,329
Net assets, beginning of year	<u>725,031</u>	<u>185,739</u>	<u>910,770</u>
Net assets, end of year	<u>\$ 621,260</u>	<u>\$ 414,839</u>	<u>\$ 1,036,099</u>

See accompanying notes.

The Wilkinson Center  
Statement of Functional Expenses  
For the Year Ended June 30, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank fees/credit card processing fees	\$ 29	\$ 635	\$ 7,732	\$ 8,396
Client services	15,216	-	-	15,216
Depreciation	45,547	920	8,095	54,562
Food assistance	49,267	-	-	49,267
Insurance	10,184	922	2,283	13,389
Dues and subscriptions	4,210	341	935	5,486
Miscellaneous	3,299	33	4,267	7,599
Occupancy	185,848	8,902	29,062	223,812
Personnel	1,322,069	35,249	212,078	1,569,396
Postage and delivery	204	1,743	1,470	3,416
Printing and reproduction	2,201	1,224	3,821	7,245
Professional fees	46,697	27,312	68,432	142,441
Advertising, publicity and outreach	3,721	221	3,008	6,950
In-kind	115,146	-	43,158	158,304
Shoes drive	28,081	-	-	28,081
Special events	21,628	-	145,958	167,586
Supplies	10,286	954	358	11,598
Telephone and internet	10,873	281	2,079	13,232
Training and seminars	2,833	1,321	700	4,853
Travel and meals	14,308	4,508	1,515	20,331
Van use	-	-	2,298	2,298
Program curriculum, books and testing	65,374	-	-	65,374
IT expense	42,984	2,451	7,339	52,774
Outside services	40,359	-	5,281	45,640
Totals	<u>\$2,040,361</u>	<u>\$ 87,017</u>	<u>\$ 549,868</u>	<u>\$2,677,247</u>

See accompanying notes.



Wilkinson Center  
Statement of Functional Expenses  
For the Six Months Ended June 30, 2017

	Program services	Management and general	Fundraising	Total
Bank fees/credit card processing fees	\$ -	\$ 782	\$ 3,886	\$ 4,668
Client services	3,179	-	-	3,179
Depreciation	27,891	460	4,214	32,565
Food assistance	19,372	-	-	19,372
Insurance	4,938	432	1,317	6,687
Dues and subscriptions	1,255	699	781	2,735
Miscellaneous	1,346	266	-	1,612
Occupancy	90,610	7,739	10,440	108,790
Personnel	676,613	29,265	129,247	835,125
Postage and delivery	692	505	-	1,197
Printing and reproduction	4,649	1,574	-	6,223
Professional fees	8,676	15,000	200	23,876
Advertising and publicity	824	-	-	824
In-kind	9,917	-	36,779	46,696
Special events	16,812	-	59,884	76,696
Supplies	3,405	560	198	4,163
Telephone and internet	5,221	137	1,018	6,376
Training and seminars	5,780	98	293	6,171
Travel and meals	7,796	1,496	889	10,181
Van use	1,048	-	-	1,048
Curriculum	25,531	-	-	25,531
IT expense	13,770	1,414	5,685	20,869
Outside services	20,644	239	-	20,883
Total	<u>\$ 949,969</u>	<u>\$ 60,666</u>	<u>\$ 254,831</u>	<u>\$1,265,465</u>

See accompanying notes.

Wilkinson Center  
Statements of Cash Flows  
For the Year Ended June 30, 2018 and Six Months Ended June 30, 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$(179,854)	\$ 125,329
Adjustments to reconcile changes in net assets to net cash used by operating activities		
Depreciation expense	54,562	32,565
Decrease (increase) in pledges receivable	106,421	(206,008)
Decrease (increase) in other account receivable	2,137	(879)
(Increase) decrease in other assets	(44,177)	52,997
Decrease (increase) in prepaid expenses	17,448	(12,559)
Increase in deposit	(5,707)	-
Increase in accounts payable	29,959	10,237
(Decrease) increase in deferred rent	(7,032)	7,482
Increase in accrued liabilities	6,958	26,152
Total cash flows (used in) provided by operating activities	(19,285)	35,316
Cash flows from investing activities		
Acquisition of property and equipment	(58,440)	(8,640)
Total cash flows used in investing activities	(58,440)	(8,640)
Net (decrease) increase in cash and cash equivalents	(77,725)	26,676
Cash and cash equivalents, beginning of year	439,745	413,069
Cash and cash equivalents, end of year	\$ 362,020	\$ 439,745
Supplemental data:		
In-kind donations	\$ 158,304	\$ 50,836

See accompanying notes.

Wilkinson Center  
Notes to Financial Statements  
For the Year Ended June 30, 2018 and Six Months Ended June 30, 2017

1. Organization and Summary of Significant Accounting Policies

Organization

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.

Summary of Significant Accounting Policies

The summary of significant accounting policies of the Center is presented to assist in the understanding of the Center’s financial statements. The financial statements and notes are representations of the Center’s management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Change of Financial Year End

In 2017, the financial year end of the Center was changed from December 31 to June 30 so as to coterminous with the year end of its major funders. Accordingly, the prior period financial statements are prepared for six months from January 1, 2017 to June 30, 2017.

Accounting Estimates

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results may vary from management's estimates.

Cash and Cash Equivalents

The statement of cash flows is presented using the "indirect method". For purposes of this statement, the Center considers as cash and cash equivalents all cash on hand, cash in checking accounts, cash in savings accounts and cash equivalents in investment accounts with original maturities of three months or less.

The accompanying footnotes are integral part of the financial statements.

Wilkinson Center  
Notes to Financial Statements  
For the Year Ended June 30, 2018 and Six Months Ended June 30, 2017

1. Organization and Summary of Significant Accounting Policies (Continued)

Pledges Receivable

The Center has adopted Financial Accounting Standard ASC 958-605, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Property and Equipment

Property and equipment is capitalized and reported at cost if purchased or at fair market value on the date of acquisition, if acquired by gift. Equipment under capital lease is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The Center's policy is to capitalize fixed asset purchases over \$2,000.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Estimated useful lives are determined as follows:

Equipment	7 Years
Office furniture and fixtures	5 Years
Computer equipment	3 Years
Leasehold improvements	Lease term

Maintenance, repairs and normal replacements are charged to expense as incurred; major improvements are capitalized.

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. The deferred rent for the year ended June 30, 2018 was \$30,301 and for the six month ended June 30, 2017 was 37,332 .

Net Assets

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

*Unrestricted* - The general activities of the Center are recorded in unrestricted net assets. Revenues are derived principally from outside contributions and donations to promote board designated activities and general administration of the Center.

*Temporarily Restricted* - Temporarily restricted net assets represent resources which are temporarily restricted by donor-imposed limitations. The net assets consist primarily of contributions for specific programs.

The accompanying footnotes are integral part of the financial statements.

Wilkinson Center  
Notes to Financial Statements  
For the Year Ended June 30, 2018 and Six Months Ended June 30, 2017

1. Organization and Summary of Significant Accounting Policies (Continued)

Net Assets (Continued)

Permanently restricted - Permanently restricted net assets represent funds limited by the donor(s) for permanent investment of principal and use of income. Currently, there are no permanently restricted net assets.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2018 was \$6,950 and the six months ended June 30, 2017 was \$824. Advertising costs consist of print and internet advertising.

Tax Status

The Center is exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. As such, no provision for Federal income tax is included in the accompanying financial statements. The Center is not a private foundation and contributions to it qualify as charitable contributions. As of June 30, 2018 and 2017, the Center does not believe it has any uncertain tax positions. Generally, the three prior returns are subject to examination by the Internal Revenue Service.

Bad Debts

Bad debts are accounted for using the direct write-off method. The results of using this method are not materially different from using the reserve method. Management periodically reviews accounts receivable on an account by account basis. Management considers the Center's past history with the donor, contact information and the size of the account. Accounts are written off when it appears collection efforts will not be successful. Bad debt expenses for the year ended June 30, 2018 and the six months ended June 30, 2017 was \$3,150 and \$0, respectively.

2. Donated Goods and Services

The Center receives certain donated goods and services. Donated goods such as food, toys, and school supplies are recorded as support and expense based on their estimated values.

A significant number of volunteers donate their time and services. Pursuant to generally accepted accounting principles, this volunteer time and service is not recognized in the accompanying financial statements.

The accompanying footnotes are integral part of the financial statements.

Wilkinson Center  
Notes to Financial Statements  
For the Year Ended June 30, 2018 and Six Months Ended June 30, 2017

3. Pledges Receivable

Unconditional promises to give at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Unrestricted pledges receivable	\$ 178,134	\$ 39,383
Restricted for adult education	143,500	417,166
Restricted for food emergency services	97,836	71,341
Restricted for conference travel	2,000	-
	<u>          </u>	<u>          </u>
Total unconditional promises to give	<u>\$ 421,470</u>	<u>\$ 527,890</u>

Amounts due in:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 421,470	\$ 527,891
One to five years	-	-
	<u>          </u>	<u>          </u>
Total unconditional promises to give	421,470	527,891
Less: discounts to present value	-	-
	<u>          </u>	<u>          </u>
Net unconditional promises to give	<u>\$ 421,470</u>	<u>\$ 527,891</u>

Unconditional promises to give due in more than one year are recognized at fair value using present value techniques and a discount rate at 3.25%, when the donor makes an unconditional promise to give to the Center.

4. Property and Equipment

Property and equipment consisted of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Office and computer equipment	\$ 116,675	\$ 93,840
Office and computer equipment - computer software	231,521	195,915
Vehicles	28,779	28,779
Office furniture	36,845	36,845
Food pantry	31,067	31,067
Leasehold improvements	199,116	199,116
	<u>          </u>	<u>          </u>
Total depreciable assets	644,003	585,562
Less: accumulated depreciation	(512,283)	(457,720)
	<u>          </u>	<u>          </u>
Net property and equipment	<u>\$ 131,720</u>	<u>\$ 127,842</u>

The accompanying footnotes are integral part of the financial statements.

Wilkinson Center  
Notes to Financial Statements  
For the Year Ended June 30, 2018 and Six Months Ended June 30, 2017

5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Adult education	\$ 161,500	\$ 288,258
Shoe drive	24,356	20,455
IT upgrade	-	30,000
Food and emergency service	97,836	70,000
Friends of Wilkinson Center	11,557	6,126
Case management	21,725	-
Conference travel	2,000	-
Total	<u>\$ 318,974</u>	<u>\$ 414,839</u>

6. Lease Commitments

The Center leases office space under various operating leases that expire through 2022. At June 30, 2018, the approximate future minimum lease payments under operating leases are presented as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2019	\$ 121,652
2020	90,461
2021	92,693
2022	62,714
	<u>\$ 367,520</u>

The Center's expense incurred for operating leases during the year ended June 30, 2018 was \$223,737 and the six months ended June 30, 2017 was \$109,496.

7. 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 \$100,000. 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, 2018. Outstanding principal is due on October 5, 2018. As of June 30, 2018 and 2017, the Center had no outstanding balance under this line of credit.

The accompanying footnotes are integral part of the financial statements.

Wilkinson Center  
Notes to Financial Statements  
For the Year Ended June 30, 2018 and Six Months Ended June 30, 2017

8. 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.

There is no bank balance over \$250,000 as of June 30, 2018 and 2017.

9. Working Families Success Cohort Grant

Working Family Success Cohort grant of up to \$75,000 has been secured from Communities Foundation of Texas. However, it has not yet been recognized as grant revenue pending approval of a project implementation plan in fiscal year 2019 by Communities Foundation of Texas.

10. Subsequent Events

The Center has evaluated subsequent events through January 23, 2019 the date which the financial statements were available to be issued, and determined that there were no subsequent events or transactions that require recognition or disclosure in the financial statements as of June 30, 2018.



Wilkinson Center

**SUPPLEMENTARY REPORTS (SINGLE AUDIT)**  
For the year ended June 30, 2018



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

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, 2018, 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 January 23, 2019.

**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) 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 Center'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 Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Thomas Stephen & Company, LLP  
Dallas, Texas  
January 23, 2019

Wilkinson Center  
Schedule of Findings and Questioned Costs  
For the year ended June 30, 2018

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of Wilkinson Center (the "Center").
2. No significant deficiencies relating to the audit of the financial statements are reported in part B of this schedule.
3. No instances of noncompliance material to the financial statements of the Center were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost of Principles, and Audit Requirements for Federal Awards*.
5. The auditor's report on compliance for the major federal award programs for the Center expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for the Center are reported in accordance with 510(a) of Title 2 U.S. CFR Part 200 of this schedule.
7. The programs tested as major programs are:

<u>Name of Program</u>	<u>Contract Number</u>
Adult Education and Literacy Service	WC-AEL 3-2016

8. The threshold for determining Types A and B programs was \$750,000.
9. The Center was determined to be a low-risk auditee.

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS  
(CFR) PART 200

Board of Directors  
Wilkinson Center

**Report on Compliance for Each Major Federal Program**

We have audited Wilkinson Center's (the "Center") compliance with the types of compliance requirements described in the Title 2 U.S. Code of Federal Regulations (CFR) Part 200 that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2018. 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.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Wilkinson Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost of Principles, and Audit Requirements for Federal Awards*. Those standards and Title 2 U.S. Code of Federal Regulations (CFR) Part 200 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 Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

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, 2018.

## **Report on Internal Control over Compliance**

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, 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 Center's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200. Accordingly, this report is not suitable for any other purpose.



Thomas Stephen & Company, LLP  
Dallas, Texas  
January 23, 2019

Wilkinson Center  
Expenditures of Federal and State Awards  
For the Year Ended June 30, 2018

Federal/State Program Title Pass-through	Grant Period	Federal CFDA Number	Award Amount	Accrued Grant Receivable 6/30/17	FY 2018 Grant Funds Received		Matching and in-kind funds	FY 2018 Grant Expenditures		Accrued Grant Receivable 6/30/18	
					State	Federal		State	Federal		
U.S. Department of Education					State	Federal		State	Federal		
Adult Education - Basic Grants to States											
Dallas County Local Workforce Development Board, Inc.											
WC-AEL 3-2016	07/01/2016-06/30/2018	84.002	\$ 1,824,673	\$ 160,679	\$ 132,312	\$ 910,747	\$ -	\$ 117,331	\$ 871,394	\$ 99,822	
Subtotal				\$ 160,679	\$ 132,312	\$ 910,747	\$ -	\$ 117,331	\$ 871,394	\$ 99,822	
U.S. Department of Health and Human Services											
Temporary Assistance for Needy Families											
Dallas County Local Workforce Development Board, Inc.											
WC-AEL 3-2016	07/01/2016-06/30/2018	93.558	\$ 250,747	\$ 3,744	\$ -	\$ 72,262	\$ -	\$ -	\$ 72,262	\$ 10,267	
Subtotal				\$ 3,744	\$ -	\$ 72,262	\$ -	\$ -	\$ 72,262	\$ 10,267	
Total Federal and State Awards (including state funds awarded with federal awards as one grant)					\$ 164,423	\$ 132,312	\$ 983,009	\$ -	\$ 117,331	\$ 943,656	\$ 110,089

See accompanying notes and the independent auditor's report.

Wilkinson Center  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2018

1. Basis of Accounting

The schedule of expenditures of federal awards is prepared on the accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200. Therefore, some amounts presented may differ from amounts presented in, or used in preparation of, the basic financial statements.

The accompanying footnotes are an integral part of the financial statements.