

Wilkinson Center

Audit Report and Financial Statements

June 30, 2020 and 2019

Wilkinson Center
 Financial Statements and Supplementary Reports
 June 30, 2020 and 2019

Table of Contents

	<u>Page(s)</u>
Independent Auditor's Report.....	1-2
Statement of Financial Position, June 30, 2020 and 2019.....	3
Statement of Financial Activities, For the Year Ended June 30, 2020.....	4
Statement of Financial Activities, For the Year Ended June 30, 2019.....	5
Statement of Functional Expenses, For the Year Ended June 30, 2020.....	6
Statement of Functional Expenses, For the Year Ended June 30, 2019.....	7
Statement of Cash Flows, For the Years Ended June 30, 2020 and 2019.....	8
Notes to Financial Statements.....	9-15
Supplemental Schedules: Not a required part of the Basic Financial Statements:	
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.....	17-18
Schedule of Findings and Questioned Costs, for the year ended June 30, 2020.....	19
Report on Compliance with Requirements for Major Program and on Internal Control over Compliance required by The Uniform Guidance.....	20-21
Schedule of Expenditures of Federal and State Awards, For the year ended June 30, 2020.....	22
Notes to Schedule of Expenditures of Federal and State Awards, For the year ended June 30, 2020.....	23

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, 2020 and 2019, and the related statements of financial activities, functional expenses, and cash flows for the years 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, 2020 and 2019, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 of 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 statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standard, we have also issued our report dated January 21, 2021, on our consideration of Wilkinson 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 21, 2021

Wilkinson Center
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 1,008,290	\$ 289,912
Accounts receivable	162,932	308,801
Other current assets	3,136	38,956
Prepaid expenses	41,181	27,938
Total current assets	1,215,539	665,607
Noncurrent assets		
Deposits	5,707	5,707
Property and equipment, net	57,676	84,618
Total noncurrent assets	63,383	90,325
Total assets	\$ 1,278,922	\$ 755,932
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable	\$ 19,689	\$ 13,103
Accrued liabilities	65,577	59,139
Deferred revenue	29,000	1,700
Total current liabilities	114,266	73,942
Long-term liabilities		
PPP loan	173,600	-
Deferred rent	21,841	31,233
Total long-term liabilities	195,441	31,233
Total liabilities	309,707	105,175
Net assets		
Without donor restrictions	454,515	363,170
With donor restrictions	514,700	287,587
Total net assets	969,215	650,757
Total liabilities and net assets	\$ 1,278,922	\$ 755,932

See accompanying notes and the independent auditor's report.

Wilkinson Center
Statement of Financial Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Government grants	\$ -	\$ 999,833	\$ 999,833
Contributions	587,597	979,997	1,567,594
Special events, net of expenses	257,557	-	257,557
In-kind donations	153,134	-	153,134
Dividend income	3,066	-	3,066
Miscellaneous income	2,701	-	2,701
Net assets released from restrictions	<u>1,752,717</u>	<u>(1,752,717)</u>	<u>-</u>
Total revenue and support	<u>2,756,772</u>	<u>227,113</u>	<u>2,983,885</u>
Functional expenses			
Program	1,946,484	-	1,946,484
Management and general	324,790	-	324,790
Fundraising	<u>394,153</u>	<u>-</u>	<u>394,153</u>
Total functional expenses	<u>2,665,427</u>	<u>-</u>	<u>2,665,427</u>
Change in net assets	91,345	227,113	318,458
Net assets, beginning of year	<u>363,170</u>	<u>287,587</u>	<u>650,757</u>
Net assets, end of year	<u>\$ 454,515</u>	<u>\$ 514,700</u>	<u>\$ 969,215</u>

See accompanying notes and the independent auditor's report.

Wilkinson Center
Statement of Financial Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support			
Government grants	\$ -	\$ 1,104,618	\$ 1,104,618
Contributions	309,245	695,123	1,004,368
Special events, net of expenses	276,558	-	276,558
In-kind donations	109,503	-	109,503
Dividend income	2,251	-	2,251
Miscellaneous income	2,443	-	2,443
Net assets released from restrictions	1,671,128	(1,671,128)	-
Total revenue and support	2,371,128	128,613	2,499,741
Functional expenses			
Program	2,071,904	-	2,071,904
Management and general	129,450	-	129,450
Fundraising	343,875	-	343,875
Total functional expenses	2,545,229	-	2,545,229
Change in net assets	(174,101)	128,613	(45,488)
Net assets, beginning of year	537,271	158,974	696,245
Net assets, end of year	\$ 363,170	\$ 287,587	\$ 650,757

See accompanying notes and the independent auditor's report.

Wilkinson Center
Statement of Functional Expenses
For the Year Ended June 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank fees	\$ 27	\$ 689	\$ 8,223	\$ 8,939
Depreciation	38,361	886	1,956	41,203
Food and emergency assistance	103,203	-	-	103,203
Insurance	7,722	3,055	2,062	12,839
Dues and subscriptions	2,097	764	1,209	4,070
Miscellaneous	3,458	5,027	991	9,476
Furniture and equipment	4,300	41,061	-	45,361
Occupancy	190,662	15,035	29,436	235,133
Personnel	1,236,526	136,967	323,986	1,697,479
Postage and delivery	61	1,522	914	2,497
Printing and reproduction	936	908	8,011	9,855
Professional fees	56,019	51,459	3,377	110,855
Advertising	819	1,219	1,488	3,526
In-kind	153,134	-	-	153,134
Shoe drive	30,319	-	-	30,319
Interest expense	-	1,538	-	1,538
Supplies	11,406	1,145	286	12,837
Telephone and internet	12,612	1,402	2,991	17,005
Training and seminars	48	-	375	423
Travel	13,611	278	515	14,404
Curriculum	35,452	-	-	35,452
IT expense	40,449	12,074	6,833	59,356
Outside services	5,262	49,761	1,500	56,523
Totals	<u>\$1,946,484</u>	<u>\$ 324,790</u>	<u>\$ 394,153</u>	<u>\$2,665,427</u>

See accompanying notes and the independent auditor's report.

Wilkinson Center
Statement of Functional Expenses
For the Year Ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Bank fees	\$ -	\$ 538	\$ 9,709	\$ 10,247
Depreciation	43,444	920	6,639	51,003
Food and emergency assistance	92,182	-	-	92,182
Insurance	9,822	536	2,523	12,881
Dues and subscriptions	4,662	244	783	5,689
Miscellaneous	9,866	7,814	4,671	22,351
Occupancy	193,784	8,979	26,777	229,540
Personnel	1,360,993	59,866	245,300	1,666,159
Postage and delivery	22	1,841	2,240	4,103
Printing and reproduction	1,521	752	4,054	6,327
Professional fees	36,567	22,230	1,116	59,913
Advertising	5,736	184	215	6,135
In-kind	107,661	1,842	-	109,503
Shoe drive	22,487	-	-	22,487
Supplies	21,047	2,152	1,500	24,699
Telephone and internet	11,861	340	2,590	14,791
Training and seminars	1,199	98	140	1,437
Travel	14,542	403	677	15,622
Curriculum	56,153	-	-	56,153
IT expense	34,092	3,050	6,956	44,098
Outside services	44,263	17,661	27,985	89,909
Total	<u>\$ 2,071,904</u>	<u>\$ 129,450</u>	<u>\$ 343,875</u>	<u>\$ 2,545,229</u>

See accompanying notes and the independent auditor's report.

Wilkinson Center
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 318,458	\$ (45,488)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation expense	41,202	51,003
Change in operating assets and liabilities:		
Accounts receivable	145,869	(47,331)
Other current assets	35,820	7,305
Prepaid expenses	(13,243)	(22,185)
Accounts payable	6,586	(33,734)
Accrued liabilities	6,438	19,591
Deferred revenue	27,300	1,700
Deferred rent	(9,392)	932
Total cash provided by (used in) operating activities	559,038	(68,207)
Cash flows from investing activities		
Acquisition of property and equipment	(14,260)	(3,901)
Total cash used in investing activities	(14,260)	(3,901)
Cash flows from financing activities		
Proceeds from PPP loan	173,600	-
Total cash provided by financing activities	173,600	-
Net change in cash and cash equivalents	718,378	(72,108)
Cash and cash equivalents, beginning of year	289,912	362,020
Cash and cash equivalents, end of year	\$ 1,008,290	\$ 289,912
Supplemental data:		
In-kind donations	\$ 221,241	\$ 212,996
Cash paid for interest	\$ 1,538	\$ -

See accompanying notes and the independent auditor's report.

Wilkinson Center
Notes to Financial Statements
June 30, 2020 and 2019

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.

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.

Contracts and Grants

Contract and grant revenues are recognized when expenses eligible for reimbursement under the terms of the contract are incurred. Contract revenue received in advance and unearned at year end is reported as unearned revenue.

The accompanying footnotes are integral part of the financial statements.

Wilkinson Center
Notes to Financial Statements
June 30, 2020 and 2019

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

Contributions

The Organization accounts for contributions received as increases in net assets with donor restrictions or net assets without donor restrictions, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Promises to Give

Unconditional promises to give are recognized as contribution revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Center uses an allowances method for promises to give based upon management's analysis of the accounts and prior collection experience.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. As such, no allowance for uncollectible amounts was considered necessary at June 30, 2020 and 2019. All accounts receivable at June 30, 2020 and 2019 were expected to be collected within one year.

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.

The accompanying footnotes are integral part of the financial statements.

Wilkinson Center
Notes to Financial Statements
June 30, 2020 and 2019

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

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.

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:

Net assets without donor restrictions - The general activities of the Center are recorded in net assets without donor restrictions. Revenues are derived principally from outside contributions and donations to promote board designated activities and general administration of the Center.

Net assets with donor restrictions – Represent resources which are restricted by donor-imposed limitations. These net assets consist primarily of contributions for specific programs.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2020 and 2019, were \$3,526 and \$6,135, respectively. 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, 2020 and 2019, 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.

Fair Value

The requirements of Fair Value Measurements and Disclosures of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity specific measurement. The fair value of the Center's current assets and current liabilities approximate the carrying amounts of such instruments due to their short maturity.

The accompanying footnotes are integral part of the financial statements.

Wilkinson Center
Notes to Financial Statements
June 30, 2020 and 2019

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

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy expenses, which are allocated on a square footage basis, as well as salaries and wages, employee taxes and benefits, and other expenses, which are allocated based on estimated time and effort.

Recently Issued Accounting Pronouncements

The Center adopted Financial Accounting Standards Board Update (FASB ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and additional ASU's issued to clarify the guidance in ASU 2014-09, which amends the existing accounting standards for revenue recognition. The Center adopted the new revenue standard utilizing the full retrospective method. The Center did not restate information reported in prior periods as the adoption of the new revenue standard did not have a material impact on previously reported amounts.

Reclassification

Certain fiscal year 2019 amounts have been reclassified to conform with the fiscal year 2020 financial statement presentation.

2. Liquidity and Funds Available

The Center's financial assets available within one year of the statement of financial position date for general expenditures such as operating expenses are as follows:

Cash and cash equivalents	\$ 1,008,290
Accounts receivable	162,932
Other current assets	3,136
Prepaid expenses	41,181
Less: net assets with donor restrictions	<u>(514,700)</u>
	<u>\$ 700,839</u>

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The accompanying footnotes are integral part of the financial statements.

Wilkinson Center
Notes to Financial Statements
June 30, 2020 and 2019

3. 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.

4. Property and Equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Office and computer equipment	\$ 124,842	\$ 110,993
Computer software	119,977	119,977
Vehicles	28,779	28,779
Office furniture	33,456	33,456
Food pantry	27,707	31,067
Leasehold improvements	<u>199,116</u>	<u>199,116</u>
Total depreciable assets	533,877	523,388
Less: accumulated depreciation	<u>(476,201)</u>	<u>(438,770)</u>
Net property and equipment	<u>\$ 57,676</u>	<u>\$ 84,618</u>

Depreciation expense for the years ended June 30, 2020 and 2019, was \$41,202 and \$51,003, respectively.

5. Net Assets with Donor Restrictions

Net Assets with donor restrictions are available for the following purposes at June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Adult education	\$ 18,134	\$ 81,583
Shoe drive	17,184	29,490
Working family success	9,325	94,000
Food and emergency assistance	50,558	31,500
Friends of Wilkinson Center	19,951	19,714
COVID-19	265,902	-
Administrative and technology	<u>133,646</u>	<u>31,300</u>
Total	<u>\$ 514,700</u>	<u>\$ 287,587</u>

The accompanying footnotes are integral part of the financial statements.

Wilkinson Center
Notes to Financial Statements
June 30, 2020 and 2019

6. Lease Commitments

The Center leases office space under various operating leases that expire through 2024. At June 30, 2020, the approximate future minimum lease payments under operating leases are presented as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2021	\$ 169,907
2022	108,794
2023	44,376
2024	22,188
	<u>\$ 345,265</u>

The Center's expense incurred for operating leases during the years ended June 30, 2020 and 2019, was \$200,071 and \$198,648, respectively.

7. 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. The Center intends to use the proceeds for purposes consistent with the PPP. While the Center currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that the Center will not take actions that could cause the Center to be ineligible for forgiveness of the loan, in whole or in part.

8. 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, 2020. Outstanding principal is due on October 19, 2021. As of June 30, 2020 and 2019, 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
June 30, 2020 and 2019

9. 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 34% and 44% of the Center's total support for the years ended June 30, 2020 and 2019, respectively, were from government grants. Receivables from government grants represented approximately 93% and 72% of receivables at June 30, 2020 and 2019, 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.

10. Subsequent Events

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties have arisen which could negatively impact contribution revenue. Other financial impact could occur, though such potential impact is unknown at this time.

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, 2020.

Wilkinson Center

SUPPLEMENTARY REPORTS (SINGLE AUDIT)
For the year ended June 30, 2020



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

To the Board of Directors of
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, 2020, 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 21, 2021.

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 21, 2021

Wilkinson Center
Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the general-purpose financial statements.
2. There are no disclosed reportable conditions in internal control relating to the audit of the financial statements.
3. There are no disclosed instances of noncompliance material to the financial statements.
4. There are no disclosed reportable conditions in internal control relating to the audit of the major federal award programs.
5. The auditor's report expresses an unmodified opinion on the report on compliance with requirements applicable to each major program.
6. There are no audit findings required to be reported by the Auditor.
7. The programs tested as major programs are:

<u>Name of Program</u>	<u>CFDA #</u>
Adult Education and Literacy Service	84.002

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 THE UNIFORM GUIDANCE

To the Board of Directors of
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 *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, 2020. 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* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2020.

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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Thomas Stephen & Company, LLP
Dallas, Texas
January 21, 2021

Wilkinson Center
Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Federal/State Program Title Pass-through	Grant Period	Federal CFDA Number	Award Amount	Accrued Grant Receivable 6/30/2019	FY 2020 Grant Funds Received		FY 2020 Grant Expenditures		Passes through to subrecipients	Accrued Grant Receivable 6/30/2020
					State	Federal	State	Federal		
U.S. Department of Education										
Adult Education - Basic Grants to States										
Dallas County Local Workforce Development Board, Inc.										
WC-AEL 2018-1	07/01/2018-06/30/2021	84.002	\$ 3,013,357	\$ 212,403	\$ 27,175	\$ 1,033,117	\$ -	\$ 999,833	\$ -	\$ 151,944
Subtotal				\$ 212,403	\$ 27,175	\$ 1,033,117	\$ -	\$ 999,833	\$ -	\$ 151,944
U.S. Department of Health and Human Services										
Temporary Assistance for Needy Families										
Dallas County Local Workforce Development Board, Inc.										
WC-AEL 2018-1	07/01/2018-06/30/2021	93.558	\$ 86,368	\$ 7,881	\$ -	\$ 7,881	\$ -	\$ -	\$ -	\$ -
Subtotal				\$ 7,881	\$ -	\$ 7,881	\$ -	\$ -	\$ -	\$ -
Total Federal and State Awards (including state funds awarded with federal awards as one grant)				\$ 220,284	\$ 27,175	\$ 1,040,998	\$ -	\$ 999,833	\$ -	\$ 151,944

See accompanying notes to Schedule of Expenditures of Federal and State Awards and the independent auditor's report.

Wilkinson Center
Notes to Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

1. Basis of Accounting

The accompanying Schedule of Expenditures of Federal and State Awards (“the schedule”) includes the federal grant activity of Wilkinson Center (the “Center”) under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 operations of Wilkinson Center, it is not intended to and does not present the financial position, changes, in net assets, or cash flows of Wilkinson Center.

2. Summary of Significant Accounting Policies

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

The Center has not elected to use the 10% de minimis indirect cost rate for the year ended June 30, 2020.

The accompanying footnotes are an integral part of the Schedule of Expenditures of Federal and State Awards.