

WILKINSON CENTER

FINANCIAL STATEMENTS

JUNE 30, 2023



TABLE OF CONTENTS

	<i>Page(s)</i>
<i>INDEPENDENT AUDITORS' REPORT</i>	<i>1-3</i>
 <i>FINANCIAL STATEMENTS</i>	
<i>Statements of Financial Position</i>	<i>4</i>
<i>Statements of Activities</i>	<i>5</i>
<i>Statements of Functional Expenses</i>	<i>6</i>
<i>Statements of Cash Flows.....</i>	<i>7</i>
<i>Notes to Financial Statements.....</i>	<i>8-13</i>
 <i>COMPLIANCE AND INTERNAL CONTROL SECTION</i>	
<i>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</i>	<i>14-15</i>
<i>Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.....</i>	<i>16-17</i>
<i>Schedule of Findings and Questioned Costs</i>	<i>18</i>
<i>Summary Schedule of Prior Audit Findings and Current Status.....</i>	<i>19</i>
<i>Schedule of Expenditures of Federal Awards.....</i>	<i>20</i>
<i>Notes to Schedule of Expenditures of Federal Awards.....</i>	<i>21</i>

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 statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2023 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Matters

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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 26, 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.

Haynie & Company

*Dallas, Texas
March 26, 2024*

Wilkinson Center
Statement of Financial Position
As of June 30, 2023

Assets

<i>Current assets</i>	
Cash	\$ 962,948
Accounts receivable	241,181
Prepaid expenses	<u>57,205</u>
Total current assets	<u>1,261,334</u>
 <i>Other assets</i>	
Deposits	8,686
Depreciable assets, net	75,507
Right-of-use net assets - operating leases	<u>843,589</u>
Total other assets	<u>927,782</u>
 Total assets	 \$ <u><u>2,189,116</u></u>

Liabilities and Net Assets

<i>Current liabilities</i>	
Accounts payable	\$ 21,566
Accrued liabilities	60,243
Deferred revenue	75,000
Lease liability - current	<u>112,592</u>
Total current liabilities	<u>269,401</u>
 <i>Noncurrent liabilities</i>	
Lease liability - long-term	<u>790,532</u>
Total noncurrent liabilities	<u>790,532</u>
Total liabilities	<u>1,059,933</u>
 <i>Net assets</i>	
Without donor restrictions	524,073
With donor restrictions	<u>605,110</u>
Total net assets	<u>1,129,183</u>
 Total liabilities and net assets	 \$ <u><u>2,189,116</u></u>

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

Wilkinson Center
Statement of Activities
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support			
Government grants	\$ 1,475,823	\$ -	\$ 1,475,823
Contributions	347,880	927,267	1,275,147
Special events, net of expenses	241,327	-	241,327
In-kind donations	-	53,273	53,273
Dividend income	14,881	-	14,881
Miscellaneous income	84,680	7,429	92,109
Net assets released from restrictions	<u>1,144,792</u>	<u>(1,144,792)</u>	<u>-</u>
 Total revenue and support	 <u>3,309,383</u>	 <u>(156,823)</u>	 <u>3,152,560</u>
 Functional expenses			
Program	2,583,860	-	2,583,860
Management and General	375,936	-	375,936
Fundraising	<u>370,155</u>	<u>-</u>	<u>370,155</u>
 Total Expenses	 <u>3,329,951</u>	 <u>-</u>	 <u>3,329,951</u>
 Change in net assets	 (20,568)	 (156,823)	 (177,391)
 Net assets, beginning of year	 <u>544,641</u>	 <u>761,933</u>	 <u>1,306,574</u>
 Net assets, end of year	 <u>\$ 524,073</u>	 <u>\$ 605,110</u>	 <u>\$ 1,129,183</u>

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

Wilkinson Center
Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Program</u> <u>Activities</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bank fees	\$ 170	\$ 2,563	\$ 3,943	\$ 6,676
Depreciation	26,733	-	2,776	29,509
Food and emergency assistance	163,007	794	637	164,438
Insurance	14,451	3,027	133	17,611
Dues and subscriptions	36,788	6,023	2,787	45,598
Miscellaneous	28,441	(4,784)	14,418	38,075
Furniture and equipment	452	29,251	7,202	36,905
Occupancy	253,604	26,218	48,667	328,489
Personnel	1,837,821	206,028	222,822	2,266,671
Postage and delivery	156	40	6,712	6,908
Printing and reproduction	4,235	1,482	23,717	29,434
Professional fees	38,179	86,268	1,544	125,991
Advertising	2,267	9,747	7,076	19,090
In-kind	53,273	-	-	53,273
Shoe drive	-	-	-	-
Interest expense	-	-	-	-
Supplies	16,836	465	6,748	24,049
Telephone and internet	21,130	1,856	2,132	25,118
Training and seminars	2,752	50	3,541	6,343
Travel	13,441	417	1,692	15,550
Curriculum	20,729	-	-	20,729
IT expense	44,173	6,491	13,608	64,272
Outside services	5,222	-	-	5,222
	<u>\$ 2,583,860</u>	<u>\$ 375,936</u>	<u>\$ 370,155</u>	<u>\$ 3,329,951</u>

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

Wilkinson Center
Statement of Cash Flows
For the Year Ended June 30, 2023

<i>Cash flows from operating activities</i>	
<i>Change in net assets</i>	\$ (177,391)
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>	
<i>Depreciation expense</i>	29,509
<i>Noncash lease expense</i>	116,287
<i>Cash paid for lease payments</i>	(58,934)
<i>Change in:</i>	
<i>Accounts payable</i>	115,216
<i>Prepaid expenditures</i>	(16,088)
<i>Deposits</i>	(4,833)
<i>Accounts payable</i>	12,690
<i>Accrued liabilities</i>	11,172
<i>Deferred revenue</i>	-
	-
<i>Net cash provided by operating activities</i>	\$ <u><u>27,628</u></u>
 <i>Net cash flows used in from investing activities</i>	
<i>Purchase of equipment</i>	-
	-
<i>Net cash used in investing activities</i>	-
	-
<i>Net change in cash and cash equivalents</i>	27,628
<i>Cash and cash equivalents at beginning of year</i>	<u>935,320</u>
<i>Cash and cash equivalents at end of year</i>	\$ <u><u>962,948</u></u>
 <i>Supplemental disclosures of cash flow information:</i>	
<i>Cash paid during the year for:</i>	
<i>In-Kind Donations</i>	\$ <u><u>53,273</u></u>
<i>Interest</i>	\$ <u><u>-</u></u>

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

WILKINSON CENTER
Notes to Financial Statements
June 30, 2023

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 year ended June 30, 2023, were \$19,090. 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
June 30, 2023

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.

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.

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 2022-2023.

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.

WILKINSON CENTER
Notes to Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies, continued

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.

New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)." Under the new guidance, lessees will be required to recognize for all leases (with the exception of short-term leases) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Effective July 1, 2022, the Center adopted the requirements of Accounting Standards Update No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). The Center will use the modified retrospective approach (ASU-842-10-65-1) under which leases existing at or entered after July 1, 2022, will be recognized, and measured. Prior period amounts are not adjusted and continue to be reflected in accordance with the Center's historical accounting. The amounts and disclosures set forth in the financial statements have been updated to comply with this new standard with results for reporting periods beginning July 1, 2022.

Date of Management's Review

Subsequent events were evaluated through March 26, 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.

Financial assets, at year-end	\$	1,204,129
Less, assets unavailable for general expenditures		
within one year, due to:		
Net assets with donor restrictions		605,110
Financial assets available to meet cash needs		
for general expenditures within one year	\$	599,019

WILKINSON CENTER
Notes to Financial Statements
June 30, 2023

3. Property and Equipment

The following is a summary of property and equipment as of June 30, 2023:

	<i>Beginning</i>			<i>Reclass/ Retirement</i>		<i>Ending</i>
	<i>Balance</i>		<i>Additions</i>			<i>Balance</i>
<i>Office and computer equipment</i>	\$ 124,842	\$ -		\$ -		\$ 124,842
<i>Computer software</i>	132,055	-		-		132,055
<i>Vehicles</i>	111,743	-		-		111,743
<i>Office furniture</i>	39,209	-		-		39,209
<i>Food pantry</i>	35,514	-		-		35,514
<i>Leasehold improvements</i>	202,616	-		-		202,616
<i>Total property and equipment</i>	645,979	-		-		645,979
<i>Less: accumulated depreciation</i>	540,963	29,509		-		570,472
<i>Property and equipment, net</i>	\$ 105,016	\$ (29,509)		\$ -		\$ 75,507

Depreciation expense for the year ended June 30, 2023 was \$29,509.

4. Net Assets with Donor Restrictions

Net Assets with donor restrictions are available for the following purposes at June 30, 2023.

<i>Working Family Success</i>	\$ 411,159
<i>Private grants</i>	145,353
<i>Scholarships</i>	25,233
<i>Friends of Wilkinson Center</i>	23,365
	\$ 605,110

WILKINSON CENTER
Notes to Financial Statements
June 30, 2023

5. Commitments and Contingencies

The Center leases office spaces at 2 locations in Dallas, Texas under non-cancelable operating leases to incur rent expense under these lease agreements which expire between June 2024 and October 2031. The Center considered the terms of the lease agreements to establish their right-of-use asset and lease liability. The lease does not have any material residual value guarantees or material restrictive covenants. The lease does not provide an implicit rate, therefore the Center uses a risk-free discount rate, using a period comparable with that of the lease term. The Center used the risk-free rate on the later of the lease commencement date or the transition to ASC 842, to determine the present value of the lease payments.

Components of lease costs are as follows:

Operating lease cost	\$	116,287
----------------------	----	---------

Supplemental cash flow information and non-cash activity related to operating leases are as follows:

Operating cash flow information:

Cash paid for lease payments	\$	58,934
------------------------------	----	--------

Noncash activity:

Right of use assets obtained on operating lease commencements	\$	959,876
---	----	---------

Long-term liability incurred related to operating lease commencements	\$	959,876
---	----	---------

Weighted-average remaining lease term and discount rate for the operating leases are as follows:

Weighted-average remaining lease term	10.5 years
Weighted average discount rate	2.9%

Minimum future lease payments for the years ending June 30 are:

2024	\$	113,883	
2025		94,502	
2026		97,309	
2027		100,116	
2028		102,923	
Thereafter		478,127	
Total	\$	986,860	

WILKINSON CENTER
Notes to Financial Statements
June 30, 2023

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 \$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, 2023. As of June 30, 2023, the Center had no outstanding balance under this line of credit.

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. Approximately 43% of the Center's total support for the years ended June 30, 2023, were from government grants. Receivables from government grants represented approximately 100% of receivables at June 30, 2023.

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.

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, 2023, 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 March 26, 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. 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 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 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
March 26, 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, 2023. 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, 2023.

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 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
March 26, 2024*

WILKINSON CENTER
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

PART I – SUMMARY OF AUDITORS’ RESULTS

Financial Statement Section

1. The type of report issued on the general-purpose financial statements: **Unmodified**
2. Significant deficiencies in internal controls were disclosed by the audit of the financial statements: **None reported** Material Weaknesses: **No**
3. Noncompliance that is material to the financial statements: **None identified**.

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
--	--------
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

None

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, 2023

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.

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. There were no prior year audit findings.

Current Status: Management was able to complete the subsequent audit prior to the required due date.

Wilkinson Center
Schedule of Expenditures of Federal Awards
June 30, 2023

<i>Federal Grantor/Pass-through Grantor/Program Title</i>	<i>Federal Federal ALN</i>	<i>Agency or Pass-through Number</i>	<i>Federal Expenditures</i>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through Dallas County Local Workforce Development Board, Inc.</i>			
<i>Adult Education - Basic Grants to States</i>	84.002		\$ <u>1,341,959</u>
Total U.S. Department of Education			<u>1,341,959</u>
Total Federal Awards			<u>\$ 1,341,959</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, 2023

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.