



Montemayor Britton Bender PC

CERTIFIED PUBLIC ACCOUNTANTS

TEXAS ADVOCACY PROJECT, INC.

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

31 DECEMBER 2022



Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management
Texas Advocacy Project, Inc.

INDEPENDENT AUDITOR'S REPORT

A. Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Texas Advocacy Project, Inc. (TAP), a nonprofit organization, which comprise the statement of financial position as of 31 December 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of TAP as of 31 December 2022, and changes in its net assets 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TAP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Correction of Error

As discussed in Note 11 to the financial statements, certain errors resulted in the understatement of amounts reported for contributions receivable and net assets without donor restrictions as of 31 December 2021. Accordingly, an adjustment has been made to contributions receivable and net assets without donor restrictions as of 31 December 2021 to correct these errors. Our opinion is not modified with respect to this matter.

2110 BOCA RATON DRIVE
BUILDING B, SUITE 102
AUSTIN, TEXAS 78747
PHONE: 512.442.0380
FAX: 512.442.0817
www.montemayor.team



Responsibilities of Management 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, 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 TAP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 TAP'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 TAP'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.

Supplementary 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 (page 24), 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 statements. Similarly, the supplemental information schedules on pages 17-18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

B. Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated 13 July 2023 on our consideration of TAP'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 TAP'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 TAP's internal control over financial reporting and compliance.

13 July 2023
Austin, Texas

TEXAS ADVOCACY PROJECT, INC.

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

ASSETS

CURRENT ASSETS

Cash	\$1,001,285
Grants receivable	686,313
Other receivables	4,250
Prepaid expenses	<u>46,776</u>

1,738,624

SECURITY DEPOSIT AND PREPAID RENT

8,312

FIXED ASSETS

55,791

RIGHT OF USE ASSET-OPERATING LEASE

466,828

\$2,269,555

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	24,280
Payroll and accrued liabilities	106,791
Deferred revenue	27,583
Current portion of operating lease	<u>87,832</u>

246,486

OPERATING LEASE, net of current portion

390,204

636,690

NET ASSETS

Without donor restrictions 1,410,110

With donor restrictions 222,755

1,632,865

\$2,269,555

The accompanying notes are an integral part of this financial statement presentation.

TEXAS ADVOCACY PROJECT, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED 31 DECEMBER 2022

REVENUE	Without Donor Restrictions	With Donor Restrictions	Total
Federal government grants	\$1,994,529	\$0	\$1,994,529
Public support	1,635,532	0	1,635,532
State government grants	436,873	0	436,873
Nongovernment grants and other	118,733	258,000	376,733
Nonfinancial contributions	91,779	0	91,779
Net assets released from restrictions	<u>264,507</u>	<u>(264,507)</u>	<u>0</u>
	<u>4,541,953</u>	<u>(6,507)</u>	<u>4,535,446</u>
EXPENSE			
Program: Direct legal services	2,328,516	0	2,328,516
Program: Survivor support services	<u>1,258,869</u>	<u>0</u>	<u>1,258,869</u>
	3,587,385	0	3,587,385
Administration	188,261	0	188,261
Fundraising	<u>614,548</u>	<u>0</u>	<u>614,548</u>
	<u>4,390,194</u>	<u>0</u>	<u>4,390,194</u>
CHANGE IN NET ASSETS	151,759	(6,507)	145,252
BEGINNING NET ASSETS, as restated	<u>1,258,351</u>	<u>229,262</u>	<u>1,487,613</u>
ENDING NET ASSETS	<u>\$1,410,110</u>	<u>\$222,755</u>	<u>\$1,632,865</u>

The accompanying notes are an integral part of this financial statement presentation.

TEXAS ADVOCACY PROJECT, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$145,252
Depreciation	31,082
Amortization of right of use asset	96,036
Change in other receivables	(702)
Change in prepaid expenses	(6,119)
Change in grants receivable	(313,139)
Change in accounts payable	5,116
Change in payroll and accrued liabilities	29,597
Change in deferred income	(34,637)
Change in operating lease liability	<u>(84,828)</u>
	(132,342)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of fixed assets	<u>(37,103)</u>
---------------------------	-----------------

NET CHANGE IN CASH	(169,445)
--------------------	-----------

BEGINNING CASH	<u>1,170,730</u>
----------------	------------------

ENDING CASH	<u>\$1,001,285</u>
-------------	--------------------

RIGHT OF USE ASSET OBTAINED IN EXCHANGE FOR OPERATING LEASE OBLIGATION
UPON IMPLEMENTATION OF ASC 842: \$552,480

The accompanying notes are an integral part of this financial statement presentation.

TEXAS ADVOCACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

Established in 1982 as a non-profit, Texas Advocacy Project, Inc.'s (TAP) mission is to prevent domestic and dating violence, sexual assault, and stalking throughout Texas through free legal services, access to the justice system, and education. Our attorneys, staff, volunteers, and Board of Directors are committed to advancing our vision that all Texans live safely in hope, not fear. TAP is principally funded through federal cost reimbursement grants from the Office of the Governor and contributions.

Historically, TAP has described its services as programs; however, in 2016 management has determined it is better to categorize services into departments: Direct Legal Services (DLS) department and the Survivors Support Services and Presentations (SSSP) department. DLS encompasses the former Protective Orders Program, Justice Initiative Program, Emergency Protective Order Program, and Legal Hotlines Program. SSSP now accounts for the Legal Access Initiative.

Direct Legal Services Department

The Project works directly with victims, shelters, law enforcement agencies, and courts across Texas to deliver effective legal services such as advice and counsel through our legal lines and video conference equipment assistance with protective orders including MOEP's, assistance in pro-se matters, direct representation, and impact litigation.

Survivors Support Services and Presentations Department

TAP provides free training, technical support, and consulting for judges, prosecutors, law enforcement, family and sexual violence victim advocates, universities, and allied professionals in communities throughout Texas in order to identify and implement best practices and strategies in responding to the needs of victims of domestic and dating violence, sexual assault, and stalking. The department provides targeted outreach to at-risk communities with the intent of bringing victims to service. In addition, staff from this department provide survivors with a range of services such as safety planning, help in accessing Crime Victims' Compensation, and Texas Victim Information and Notification Everyday (VINE) funds.

ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TEXAS ADVOCACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of TAP 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 (or certain grantor) restrictions.

Net Assets With Donor Restrictions: Net assets subject to donor (or certain grantor) 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. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

INCOME TAXES

TAP is an organization other than a private foundation exempt from Federal income taxes under IRS Code Section 501(c)(3). Therefore, no provision has been made for Federal income taxes in the accompanying financial statements.

TAP's policy is to record interest and penalty expense related to income taxes as interest and other expense, respectively. At 31 December 2022, no interest or penalties have been or required to be accrued.

FIXED ASSETS

Fixed asset purchases of \$1,000 and greater are recorded at cost. Contributions of fixed assets, other than software, valued at \$1,000 and greater and contributed software with estimated useful lives greater than one year are recorded as support at their estimated fair value.

Depreciation on fixed assets is provided using the straight-line method over estimated useful lives of the respective assets, ranging from 3 to 5 years. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reflected as an increase or decrease in net assets without donor imposed restrictions. Maintenance and repairs are charged to expense and expenditures for improvements that extend the useful life of the assets are capitalized.

TEXAS ADVOCACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FEDERAL AWARDS RECEIVABLE

TAP has not recorded an allowance for uncollectible accounts because the receivables are considered to be 100% collectible. All receivables on the statement of financial position are due within the next fiscal year. TAP estimates allowances for uncollectible accounts by evaluating the creditworthiness, the historical collections, and the aging of the accounts. Once an account is deemed uncollectible, it is written off. Receivables are considered delinquent based on how recently payments have been received.

FEDERAL AWARDS

A significant portion of TAP's revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when TAP has incurred expenditures in compliance with specific contract or grant provisions. TAP has contracts for cost reimbursable grants of \$1,874,344 for which qualifying expenditures have not been incurred and accordingly have not been recognized at 31 December 2022.

CONTRIBUTIONS

TAP recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are recognized when the conditions on which they depend have been met.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, some expenses require allocation on a reasonable basis that is consistently applied. Personnel costs, client services, technology, professional fees, telecommunications, and other are allocated based on estimates of time and effort by personnel. Occupancy and contributed services are allocated based on management's knowledge and review of individual transactions.

SUBSEQUENT EVENTS

TAP has evaluated subsequent events for disclosure through the date of the Independent Auditor's Report, the date the financial statements were available to be issued.

TEXAS ADVOCACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LEASES

TAP determines if an arrangement is or contains a lease at inception. Leases are included in right of use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. TAP does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term

NOTE 3: CONTINGENCY

TAP receives grants for specific purposes that are subject to grantor review. Such reviews could result in a request for reimbursement by the grantor if unallowable costs are identified. TAP's management believes that any liability for reimbursement which could arise as the result of these audits would not be material to the financial position of TAP.

NOTE 4: CONCENTRATIONS

Funding from two grantors accounted for 44% of TAP's total revenue and 85% of total federal awards receivables is due from two grantor for the year ended 31 December 2022.

At 31 December 2022, TAP had deposits in excess of FDIC coverage of \$745,735.

NOTE 5: LEASES

TAP evaluated current contracts to determine which met the criteria of a lease. The right of use (ROU) assets represent TAP's right to use underlying assets for the lease term, and the lease liabilities represent TAP's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The risk free discount rate applied to calculate lease liabilities as of 31 December 2022 was 1.55%.

TAP leases office space under an operating lease that expires in February 2028. Total rental expense was approximately \$98,000 for the year ended 31 December 2022. Future maturities of lease liabilities are presented in the following table, for the years ending 31 December:

TEXAS ADVOCACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 5: LEASES

2023	\$95,242
2024	97,005
2025	98,793
2026	95,854
2027	97,789
2028	<u>16,624</u>
	501,307
Less: present value discount	<u>(23,271)</u>
	<u>478,036</u>

As of 31 December 2022, right of use assets related to operating leases were as follows:

Cost	\$552,480
Less: accumulated amortization	<u>(85,652)</u>
	<u>\$466,828</u>

Supplemental cash flow information related to leases:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating lease \$84,828

Right of use assets upon ASC 842 implementation:

Operating lease \$552,480

NOTE 6: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year from the statement of financial position date, comprise the following:

TEXAS ADVOCACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6: LIQUIDITY AND AVAILABILITY

Cash	\$1,001,285
Grants receivables	686,313
Other receivables	<u>4,250</u>
	1,691,848
Less: amounts unavailable for general expenditure within one year	<u>(122,755)</u>
	<u>\$1,569,093</u>

As a part of TAP'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.

See Note 10 for additional details regarding the nature of donor imposed restrictions on assets that are not available for general expenditures within one year of the statement of financial position date.

The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from TAP's operating account.

NOTE 7: FIXED ASSETS

Computer equipment	\$193,414
Website	51,425
Leasehold improvements	850
Accumulated depreciation	<u>(189,898)</u>
	<u>\$55,791</u>

NOTE 8: RELATED PARTY TRANSACTIONS

During the year ended 31 December 2022, TAP paid approximately \$27,000 in fees to Crosswind Media Public Relations whose President & CEO Thomas Graham is a member of TAP's Board of Directors. Moreover, all Board members and external committee members make monetary donations to TAP in the normal course of their volunteer terms - these are typically Board dues, Advocates for Hope donations, or participating in event fundraising.

TEXAS ADVOCACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9: EMPLOYEE BENEFIT PLAN

TAP provides a retirement benefit plan to its employees. Employees may contribute to the plan via payroll deductions and TAP matches the employees' contributions up to 2% of the employee's annual compensation. Contributions to the plan by TAP were \$38,290 for 2022.

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

Restricted at year-end:

Time restricted for use in 2023	\$100,000
---------------------------------	-----------

Purpose restricted during the year:

Social work program	70,471
---------------------	--------

Supporting mental health and legal needs of domestic violence survivors	32,067
---	--------

Human trafficking initiative	<u>20,217</u>
------------------------------	---------------

	<u>\$222,755</u>
--	------------------

Satisfaction of purpose restrictions during the year:

Social work program	\$138,029
---------------------	-----------

Enhance online/on demand training portal	25,204
--	--------

Website initiative	25,000
--------------------	--------

Supporting mental health and legal needs of domestic violence survivors	22,118
---	--------

Rapid response for survivors in crisis	20,887
--	--------

Human trafficking initiative	19,783
------------------------------	--------

Addressing mental health and legal needs of family violence survivors	<u>13,486</u>
---	---------------

	<u>\$264,507</u>
--	------------------

NOTE 11: PRIOR PERIOD ADJUSTMENT

As of 31 December 2021, net assets with donor restrictions was overstated and net assets without donor restrictions was understated by \$453,987. As of 31 December 2021, contributions receivable was understated by \$40,000. The change in net assets increased by \$40,000 for the year ended 31 December 2021 as a result of this adjustment. A prior period adjustment has been recorded to correct beginning net assets.

TEXAS ADVOCACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 11: PRIOR PERIOD ADJUSTMENT

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
31 December 2021 net assets, as previously reported	\$764,364	\$683,249	\$1,447,613
Understated contributions receivables:	40,000	0	40,000
Overstatement of net assets with donor restrictions:	<u>453,987</u>	<u>(453,987)</u>	<u>0</u>
31 December 2021 net assets, as restated	<u>\$1,258,351</u>	<u>\$229,262</u>	<u>\$1,487,613</u>

NOTE 12: CHANGE IN ACCOUNTING PRINCIPLES

Effective 1 January 2022, TAP adopted Accounting Standards Update (ASU) 2016-02, Leases (ASC Topic 842) and subsequent amendments. ASC 842 affects all companies that enter into lease arrangements, with certain exclusions under limited scope limitations. Under ASU 2016-02, an entity recognizes right-of-use assets and lease obligations on its balance sheet for all leases with a lease term of more than 12 months. Short-term rentals under year-to-year leases or remaining lease terms of 12 months or less are exempt from being capitalized.

In adopting the new lease standard, TAP elected to use a transition method under which existing leases were measured and capitalized as of the date of adoption, 1 January 2022, in lieu of applying the standard retrospectively.

On 1 January 2022, TAP recorded in its 1 January 2022 balance sheet a right-of-use asset and lease obligation for operating leases in the amount of \$552,480.

During the year, TAP adopted Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements for contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

TEXAS ADVOCACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 13: CONTRIBUTED NONFINANCIAL ASSETS

TAP recognized \$91,779 in contributed nonfinancial assets for the use of specialized attorney fees, law clerks, and other specialized services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require special skills, are performed by people with those skills, and would otherwise be purchased by TAP. Contributed professional services are used for program activities and valued and reported at the estimated fair value in the financial statements based on current rates for similar services.

NOTE 14: REVENUE FROM CONTRACTS WITH CUSTOMERS

DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates TAP's revenue based on the timing of satisfaction of performance obligations for the year ended 31 December 2022:

Performance obligations at a point in time	<u>\$164,301</u>
--	------------------

Revenue recognized at a point of time primarily includes revenues related to sponsorships, ticket sales, raffle sales, live auction sales, food and beverages, and advertising for the spring and fall events, included in public support revenue on the statement of activities.

PERFORMANCE OBLIGATIONS

Special events revenue is recognized at a point in time, when control of the goods transfers to the customer in an amount that reflects the consideration TAP expects to be entitled to in exchange for those goods. Typically, control is deemed to transfer at the date at which the customer received the benefit from the event. Payments are received either in advance or on the day of the event. The advance payments received before the event are accounted for as deferred revenue until the date of the event. As of year end, there was no deferred revenue or contract balances related to event revenues.

TEXAS ADVOCACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 15: FUNCTIONAL EXPENSES

	<u>Survivor Support Services</u>	<u>Direct Legal Services</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel costs	\$1,079,716	\$1,799,994	\$2,879,710	\$127,830	\$188,218	\$3,195,758
Fundraising	0	0	0	0	379,635	379,635
Client services	52,826	131,009	183,835	8,452	19,017	211,304
Technology	18,030	76,128	94,158	4,007	2,003	100,168
Occupancy	0	85,645	85,645	3,938	8,860	98,443
Contributed services	5,507	86,272	91,779	0	0	91,779
Professional fees	16,987	14,722	31,709	13,023	11,891	56,623
Telecommunication s	22,626	11,313	33,939	1,560	3,511	39,010
Other	<u>63,177</u>	<u>123,433</u>	<u>186,610</u>	<u>29,451</u>	<u>1,413</u>	<u>217,474</u>
	<u>\$1,258,869</u>	<u>\$2,328,516</u>	<u>\$3,587,385</u>	<u>\$188,261</u>	<u>\$614,548</u>	<u>\$4,390,194</u>

Texas Advocacy Project, Inc.
Schedule of Contract Activity
 January through December 2022

Contract Name: Special Project Funding for Civil Legal Aid
 Funder Name: Texas Access to Justice Foundation
 Grant Name: Legal Aid for Survivors of Sexual Assault
 Grant Number: 10087655
 Contract Term: 2021 - 2023

	Budget	Actual
Revenue		
Contract	330,992	165,496
	330,992	165,496
Expenses		
Personnel	303,509	153,507
Space	10,039	3,943
Equipment Rental	287	144
Supplies	4,022	1,438
Telephone	2,394	1,683
Travel	1,916	3,230
Training	1,053	0
Library	431	296
Insurance	145	0
Audit	1,724	690
Litigation	192	15
Capital Additions	0	0
Contractual Services	5,280	2,876
Other	0	0
Total Expenses	330,992	167,822
Excess Revenues	0	-2,326

Texas Advocacy Project, Inc.
Schedule of Contract Activity
 January through December 2022

Contract Name: Basic Civil Legal Services (BCLS)
 Funder Name: Texas Access to Justice Foundation
 Grant Name: BCLS Discretionary - 2021 - 2023
 Grant Number: 10087654
 Contract Term: 2021 - 2023

	Budget	Actual
Revenue		
Contract	188,958	94,480
	188,958	94,480
Expenses		
Personnel	170,599	86,518
Space	6,546	2,628
Equipment Rental	195	101
Supplies	2,723	988
Telephone	1,621	1,124
Travel	1,296	211
Training	713	0
Library	292	194
Insurance	97	0
Audit	1,167	486
Litigation	130	10
Capital Additions	0	0
Contractual Services	3,579	1,990
Other	0	0
Total Expenses	188,958	94,250
Excess Revenues	0	230



Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management
Texas Advocacy Project, Inc.

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*

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 Texas Advocacy Project, Inc. (TAP), which comprise the statement of financial position as of 31 December 2022, and the related statements of activities, and cash flows for the year then ended, and the notes to the financial statements, and have issued our report thereon dated 13 July 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered TAP'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 TAP's internal control. Accordingly, we do not express an opinion on the effectiveness of TAP's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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.

2110 BOCA RATON DRIVE
BUILDING B, SUITE 102
AUSTIN, TEXAS 78747
PHONE: 512.442.0380
FAX: 512.442.0817
www.montemayor.team



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether TAP'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 TAP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TAP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Montgomery Britton Bender PC

13 July 2023
Austin, Texas



Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Management
Texas Advocacy Project, Inc.

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

A. Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Texas Advocacy Project, Inc.'s (TAP) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of TAP's major federal program for the year ended 31 December 2022. TAP's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, TAP 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 31 December 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of TAP 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 TAP's compliance with the compliance requirements referred to above.

2110 BOCA RATON DRIVE
BUILDING B, SUITE 102
AUSTIN, TEXAS 78747
PHONE: 512.442.0380
FAX: 512.442.0817
www.montemayor.team



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 TAP's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on TAP'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 TAP's compliance with the requirements of each major federal program 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 TAP'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 TAP'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 TAP'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.



B. Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was 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 the testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

13 July 2023
Austin, Texas

TEXAS ADVOCACY PROJECT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED 31 DECEMBER 2022

Federal Agency/Pass-Through/Program Title	Assistance Listing <u>Number</u>	<u>Contract</u>	<u>Expenditures</u>
U.S. Department of Justice			
Passed through the Texas Office of the Governor			
Victims of Crime Act Formula Grant Program	16.575	2355112	\$377,509
Victims of Crime Act Formula Grant Program	16.575	1407520	774,285
COVID-19 VC- Coronavirus State Fiscal recovery	21.027	2355113	152,047
COVID-19 VC- Coronavirus State Fiscal recovery	21.027	1407521	<u>255,384</u>
			<u>1,559,225</u>
U.S. Department of Health and Human Services			
Passed through Texas Health and Human Services Commission			
Family Violence Program (SNRP)	93.671	HHS001108000011	34,613
Family Violence Program (SNRP)	93.558	HHS000679900010	230,400
Enhanced Services RFA	93.667	HHS001102100034	<u>83,714</u>
			<u>348,727</u>
Passed through Texas Admin for Children and Families			
Family Violence Program (SNRP)	93.671	HHS000679900010	<u>86,577</u>
			<u>\$1,994,529</u>

NOTE: This schedule is prepared using the same accounting policies as the financial statements. See the notes to the financial statements on pages 7-16. TAP did not elect to use the 10% de minimus indirect cost rate.

TEXAS ADVOCACY PROJECT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

31 DECEMBER 2022

A. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None noted

Significant deficiency(ies) identified that are not considered material weakness(es)? None noted

Noncompliance material to financial statements noted? None noted

FEDERAL AWARDS

Internal controls over major programs:

Material weakness(es) identified? None noted

Significant deficiency (ies) identified that are not considered material weakness(es)? None noted

Type of auditor's report issued on compliance with major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? None noted

Major programs:

Victims of Crime Act Formula Grant Program - Assistance Listing Number 16.575

Threshold used to distinguish between Type A and B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes

B. FINANCIAL STATEMENT FINDINGS

Current year: None noted

Prior year: None noted

C. FEDERAL FINDINGS AND QUESTIONED COSTS

Current year: None noted

Prior year: None noted