

Any Baby Can of Austin, Inc.

Financial and Compliance Report
August 31, 2022 and 2021

CONTENTS

Page

Independent Auditor's Report 1

Financial Statements

 Statements of Financial Position..... 4

 Statements of Activities..... 5

 Statements of Cash Flows..... 7

 Notes to Financial Statements..... 8

Internal Controls and Compliance Reports

 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*..... 21

 Independent Auditor's Report on Compliance for Each
 Major Program and Report on Internal Control over Compliance in
 Accordance with the Uniform Guidance and State of Texas
 Uniform Grant Management Standards 23

 Schedule of Expenditures of Federal and State Awards..... 26

 Notes to Schedule of Expenditures of Federal and State Awards 27

 Schedule of Findings and Questioned Costs..... 28



Independent Auditor's Report

To the Board of Directors of
Any Baby Can of Austin, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Any Baby Can of Austin, Inc. (the Organization), which comprise the statements of financial position as of August 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Organization 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 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are issued, or when applicable, one year after the date that the financial statements are available to be issued.

The Board of Directors of
Any Baby Can of Austin, Inc.

Auditor's 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 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 GAAS 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 GAAS, 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 Organization'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 Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis 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 (Uniform Guidance)* and the State of Texas Uniform Grant Management Standards (UGMS) and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 and state awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Board of Directors of
Any Baby Can of Austin, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2023 on our consideration of the Organization'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 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 Organization's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
May 12, 2023

Any Baby Can of Austin, Inc.

Statements of Financial Position

As of August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 3,611,722	\$ 3,934,235
Investments, at fair value	467,855	-
Accounts receivable		
Grants and contracts	2,247,101	1,725,985
Medical billings	206,475	159,201
Pledges and other, net	9,901	3,806
Prepaid expenses and other	80,382	50,098
Beneficial interest in assets held by others	331,452	371,635
Property and equipment, net	2,825,840	2,718,016
TOTAL ASSETS	<u>\$ 9,780,728</u>	<u>\$ 8,962,976</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 447,238	\$ 260,461
Accrued expenses	814,654	735,276
Deferred revenue	619,596	903,071
Total liabilities	1,881,488	1,898,808
NET ASSETS		
Without donor restrictions	5,902,415	4,626,465
With donor restrictions	1,996,825	2,437,703
Total net assets	<u>7,899,240</u>	<u>7,064,168</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,780,728</u>	<u>\$ 8,962,976</u>

The Notes to Financial Statements
are an integral part of these statements.

Any Baby Can of Austin, Inc.

Statement of Activities Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Donations	\$ 541,083	\$ 171,614	\$ 712,697
Foundation contributions	1,592,000	1,474,309	3,066,309
In-kind contributions	84,292	-	84,292
Special events, net of donor direct benefit expense of \$44,603	165,122	25,000	190,122
Government grants	8,944,867	-	8,944,867
Medical billing	2,176,481	-	2,176,481
Investment income	(24,820)	(29,025)	(53,845)
Miscellaneous income	3,473	7,466	10,939
Net assets released from restrictions	2,090,242	(2,090,242)	-
Total support and revenue	15,572,740	(440,878)	15,131,862
EXPENSES			
Program services	13,442,821	-	13,442,821
Management and general	156,631	-	156,631
Fundraising	697,338	-	697,338
Total expenses	14,296,790	-	14,296,790
CHANGE IN NET ASSETS	1,275,950	(440,878)	835,072
NET ASSETS, beginning of year	4,626,465	2,437,703	7,064,168
NET ASSETS, end of year	\$ 5,902,415	\$ 1,996,825	\$ 7,899,240

The Notes to Financial Statements are an integral part of these statements.

Any Baby Can of Austin, Inc.

Statement of Activities Year Ended August 31, 2021

	Without Donor Restrictions As Reclassified (Note 2)	With Donor Restrictions As Reclassified (Note 2)	Total
SUPPORT AND REVENUE			
Donations	\$ 493,407	\$ 226,984	\$ 720,391
Foundation contributions	60,300	2,243,447	2,303,747
In-kind contributions	77,643	-	77,643
Special events, net of donor direct benefit expense of \$4,131	150,171	60,000	210,171
Government grants	9,571,264	-	9,571,264
Medical billing	1,886,952	-	1,886,952
Investment income	31,119	67,402	98,521
Miscellaneous income	3,016	1,700	4,716
Net assets released from restrictions	1,736,670	(1,736,670)	-
Total support and revenue	14,010,542	862,863	14,873,405
EXPENSES			
Program services	12,692,402	-	12,692,402
Management and general	119,985	-	119,985
Fundraising	761,777	-	761,777
Total expenses	13,574,164	-	13,574,164
CHANGE IN NET ASSETS	436,378	862,863	1,299,241
NET ASSETS, beginning of year	4,190,087	1,574,840	5,764,927
NET ASSETS, end of year	\$ 4,626,465	\$ 2,437,703	\$ 7,064,168

The Notes to Financial Statements
are an integral part of these statements.

Any Baby Can of Austin, Inc.
 Statements of Cash Flows
 Years Ended August 31, 2022 and 2021

	2022	2021 As Reclassified (Note 2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 835,072	\$ 1,299,241
Adjustments to reconcile change in net assets to net cash provided by (used in) operations		
Depreciation	105,581	106,673
Net (gain) loss in value of beneficial interest	40,183	(81,492)
Net (gain) loss in value of investments	32,145	-
Forgiveness of PPP loan	-	(1,279,100)
Change in operating assets and liabilities		
Grants and contracts receivable	(521,116)	73,491
Medical billings	(47,274)	(55,168)
Pledges and other receivable	(6,095)	15,540
Prepaid expenses and other	(30,284)	(10,053)
Accounts payable	186,777	(14,462)
Accrued expenses	79,378	115,380
Deferred revenue	(283,475)	122,169
Net cash provided by operating activities	390,892	292,219
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(500,000)	-
Purchase of property and equipment	(213,405)	(17,883)
Net cash used in investing activities	(713,405)	(17,883)
Net change in cash and cash equivalents	(322,513)	274,336
 CASH AND CASH EQUIVALENTS, beginning of year	3,934,235	3,659,899
 CASH AND CASH EQUIVALENTS, end of year	\$ 3,611,722	\$ 3,934,235

SUPPLEMENTAL DISCLOSURES

The Organization's PPP loan was forgiven by the SBA in the amount of \$1,279,100 in fiscal year 2021.

Any Baby Can of Austin, Inc.

Notes to Financial Statements

Note 1. Organization

Organization

Any Baby Can of Austin, Inc. (the Organization) is a Texas non-profit corporation chartered in 1993 as a comprehensive family service organization. The Organization's primary mission is to ensure that all children reach their potential through education, therapy and family support services.

The Organization, founded as Any Baby Can of Austin, Inc. in 1993, was at the direction of and with funding from the Texas Department of Health and focused on children with special health care needs. In 2000, this Organization merged with the Center for Development, Education, and Nutrition Family Resource Center (CEDEN), which was founded in 1979 as a resource center to promote and strengthen families in need of prenatal, early childhood and parenting education. In November 2003, the Candlelighters Childhood Cancer Foundation of the Austin Area, a grassroots, parent-driven nonprofit, which worked with children and families battling childhood cancer, became part of the Organization and in 2008, Children's Hearing Aid Texas, a project with the purpose of providing hearing devices and auditory services to children in need, was merged into the Organization.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). For financial statement purposes, the Organization reports information regarding its financial position and activities according to two classes of net assets; net assets with donor restrictions and net assets without donor restrictions.

Net Asset Classifications

The Organization classifies its net assets into two categories as follows:

Net Assets With Donor Restrictions: Net assets subject to donor-imposed stipulations that they may be maintained permanently by the Organization or may be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. When a restriction is satisfied, Net Assets with Donor Restrictions are reclassified to Net Assets without Donor Restrictions.

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations. Net Assets without Donor Restrictions may be used for any purpose or designated for specific purposes by action of the Board of Directors.

Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Codification (ASC) Topic 958-205, which provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC Topic 958-205 provides for disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

Any Baby Can of Austin, Inc.

Notes to Financial Statements

The state of Texas adopted UPMIFA effective September 2007. The Organization has determined that the majority of its net assets do not meet the definition of endowments under UPMIFA. While not UPMIFA-defined endowments, the Organization intends many of its funds to be permanent and manages them accordingly. Further references to "endowment", "endowment fund", or "endowed assets" in these notes relate to those intentions of the Organization.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly liquid investments with purchased maturities of 90 days or less.

Contributions, Grants, and Other Support

Contributions and grants received (including unconditional promises to give, Pledges) are recorded as revenue without donor restrictions or with donor restrictions in the period received depending on the existence and/or nature of any donor restrictions. Conditional contributions and grants are recognized as revenue when the conditions upon which they depend are substantially met. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received, and any conditions to receive have been met.

For government grants in which the restriction is met in the same period that the revenue is recognized, the Organization has elected to recognize as a net asset without donor restrictions. All other revenue and support is reported as restricted if the support is received with donor stipulations that limit the use of donated assets. When a donor 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. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions in the reporting period in which the support is recognized. Donated assets are recorded at their estimated fair values at the date of receipt.

Pledges and grants with maturity dates due within 12 months are recorded at net realizable value, while pledges with maturity dates in subsequent years are recorded at the present value of their net realizable value using an appropriate discount rate.

Medical Billing Revenue

Medical billing revenue is generated by billing clients' insurance providers for the services provided by the Organization through the Early Childhood Intervention (ECI) program, Medical Case Management programs, and No Estás Solo mental health counseling program. Revenue is received from Medicaid, private insurance, CHIP, Tricare, and also through billing clients' family cost share. Due to the uncertain nature of the amounts that will be reimbursed to the Organization after deductions, deductibles, etc, this revenue is recorded when payment is received, and any payments for services rendered in the current fiscal year received in September and October, subsequent to year-end, are accrued as current year revenue. Medical billing is considered an exchange revenue transaction and recorded as revenue without donor restrictions.

Any Baby Can of Austin, Inc.

Notes to Financial Statements

Allowance for Doubtful Accounts

Governmental grants included in receivables are individually analyzed for purposes of determining collectability at year-end, and an allowance was not deemed necessary at August 31, 2022 or 2021. The Organization evaluates the collectability of its pledges and adequacy of its allowance for doubtful accounts on a periodic basis. The evaluation includes historical loss experience, length of time the pledges are past due, and adverse situations that may affect the donor's ability to honor its pledge. The Organization records and adjusts its allowance for doubtful accounts as necessary.

Contributed Services and Assets

During the years ended August 31, 2022 and 2021, the value of contributed services meeting the requirements for recognition in the financial statements was not material and no amounts have been recorded. Although individuals volunteer their time and perform a variety of tasks that assist the Organization, these services do not meet the criteria for recognition as contributed services. Contributed assets are recorded at their estimated fair value on the date of donation. The Organization received in-kind contributions for the years ended August 31, 2022 and 2021 of \$84,292 and \$77,643, respectively.

The Organization reports contributions of land, buildings, and equipment as unrestricted, unless explicit donor stipulations specify how the donated assets must be used. Gifts of assets with explicit restrictions that specify how the assets are to be used are accounted for as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Property and Equipment

Property and equipment purchased for or exceeding \$2,500 are recorded at cost. Property and equipment are depreciated using the straight-line method over the useful lives of the assets as follows:

Buildings and improvements	5 - 37 years
Furniture and equipment	3 - 5 years
Vehicles	3 - 5 years

Investments

The Organization's investments in equity securities with readily determinable fair value and all debt securities are reported at their fair value. Unrealized gains and losses arising from changes in the fair value of investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donors to a specified purpose or future period.

The value of beneficial interests held by others is based on the value of the Organization's proportional share of the overall assets held by the trustee. Investment income and unrealized gains and losses from beneficial interests are reported as net assets with donor restrictions until appropriated for expenditure. Alternatively, distributions made from the trustee to the Organization are reported as increases to net assets without donor restrictions and are available for use in normal operations.

Any Baby Can of Austin, Inc.

Notes to Financial Statements

Income Taxes

The Organization is exempt from federal income tax under the Internal Revenue Code Section 501(c)(3) for income related to its exempt purpose. The Organization is classified by the Internal Revenue Service as an organization other than a private foundation.

The Organization recognizes in its financial statements the financial effect of a tax position, if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Tax positions taken related to the Organization's tax exempt status for federal tax purposes have been reviewed, and management is of the opinion that material positions taken by the Organization would more likely than not be sustained by examination. Accordingly, the Organization has not recorded an income tax liability for uncertain tax benefits.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount 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. Accordingly, actual results could differ from those estimates.

Functional Expenses

The expense information contained in the statements of activities reports certain categories of expenses that are attributable to program services or supporting functions of the Organization. The costs of providing program or other activities have been summarized on a functional basis in Note 14 of the financial statements. Accordingly, certain costs are allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Communication	FTE count
Professional fees and contracts	FTE count
Supplies and printing	FTE count
Equipment rental	FTE count
Occupancy	Square footage
Depreciation	Square footage

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed Federal Reserve limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to certain limits. The Organization has not experienced any losses in such accounts.

Any Baby Can of Austin, Inc.

Notes to Financial Statements

Long-Lived Assets

Long-lived assets held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Organization compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets and is recorded in the period in which the determination was made. No indicators of impairment existed at August 31, 2022 or 2021.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications include, but are not limited to, the reclassification of medical billing revenue to Net Assets Without Donor Restrictions column in the Statement of Activities, along with the full related release of these restrictions in the same period of \$1,886,952. Additionally, the forgiveness of the PPP loan amount in prior year of \$1,279,100 was reclassified on the Statement of Cash flows from financing activities to operating activities. These reclassifications had no effect on the reported results of operations.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, including subsequent related ASU amendments, that supersedes Accounting Standards Codification (ASC) 840 Leases and replaces it with ASC 842 Leases. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization evaluated the impact of the implementation of this ASC on the financial statements and elected not to implement, as the impact was not deemed material to the statements of financial position, statements of activities, or statement of cash flows.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new standard increases transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The Organization evaluated the impact on the implementation of this ASC on the financial statements and related disclosure and elected not to implement as contributed nonfinancial assets are not material to the financial statements as a whole. Contributed services and assets are discussed above in Note 2.

Subsequent Events

The Organization evaluated events that occurred, for recognition and disclosure, after August 31, 2022 through May 12, 2023, the date these financial statements were available to be issued.

In April 2023, the Organization moved \$1.5 million to a Treasury Fund within their investment account at Charles Schwab, which is managed by Austin Asset. This decision was made by the Organization's investment committee and approved by the finance committee.

Any Baby Can of Austin, Inc.

Notes to Financial Statements

Note 3. Pledges Receivable

Pledges are stated at their realizable value net of a discount on long-term pledges and an allowance for uncollectible pledges. A risk-free interest rate of 0% and .40% was used to determine the present value of the long-term pledges at August 31, 2022 and 2021, respectively. At August 31, 2022 and 2021, the discount on pledges was approximately \$0 for each year, and the allowance for uncollectible pledges totaled \$0 and \$35, respectively.

Note 4. Fair Value Measurements

The Organization has established a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements to include how fair value is determined for assets and liabilities. Fair value is defined as an exit price representing the amount that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The significant levels of inputs are as follows:

Level 1: Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3: Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

During 2009, the Organization transferred endowment funds totaling \$157,306 to the Austin Community Foundation (ACF) to take advantage of ACF's investment expertise and to allow these funds to gain synergies with other funds held by ACF. ACF does not hold variance power over these endowed funds; therefore, the Organization can request distribution at any point in time. The Organization has classified these funds as permanently restricted and they are considered Level 2 investments. The amount available for distribution for each respective year is calculated as 8% of the fair market value of the fund as of January 31 (the valuation date), to be distributed on a quarterly basis. Any return on investment in excess of distribution amount is to be added to the original gift and is recorded as an increase in donor restricted net assets as temporarily restricted until those amounts are appropriated for expenditure by the Organization. There were no distributions from these endowment funds for the year ended August 31, 2022 or 2021.

During 2022, the Organization opened a Charles Schwab One account and entered into an agreement with Austin Asset to manage the transferred funds totaling \$500,000. The Organization has classified these funds as unrestricted and they are considered a Level 1 investment. The amount available for distribution for each respective year is calculated as 5% of the average value in the 4 prior quarters in the first year, 8 prior quarters in the second year, 12 prior quarters in the third year, 16 prior quarters in the fourth year, and 20 prior quarters thereafter.

Any Baby Can of Austin, Inc.

Notes to Financial Statements

The table below summarizes the instruments recognized at fair value by level for the year ended August 31, 2022:

	2022			Total
	(Level 1)	(Level 2)	(Level 3)	
Mutual Fund	\$ 467,855	\$ -	\$ -	\$ 467,855
Beneficial interest held by others	-	331,452	-	331,452
	\$ 467,855	\$ 331,452	\$ -	\$ 799,307

The table below summarizes the instruments recognized at fair value by level for the year ended August 31, 2021:

	2021			Total
	(Level 1)	(Level 2)	(Level 3)	
Beneficial interest held by others	\$ -	\$ 371,635	\$ -	\$ 371,635
	\$ -	\$ 371,635	\$ -	\$ 371,635

Note 5. Property and Equipment

Property and equipment as of August 31, 2022 and 2021 included:

	2022	2021
Land	\$ 135,000	\$ 135,000
Construction in Progress	131,855	-
Buildings and improvements	3,047,838	2,966,288
Furniture and equipment	423,070	423,070
Vehicles	64,015	64,015
	3,801,778	3,588,373
Accumulated depreciation	(975,938)	(870,357)
Total property and equipment	\$ 2,825,840	\$ 2,718,016

Depreciation expense was \$105,581 and \$106,673 respectively for the years ended August 31, 2022 and 2021.

Any Baby Can of Austin, Inc.

Notes to Financial Statements

Note 6. Line of Credit

The Organization obtained a line of credit agreement with a financial institution with a \$600,000 limit that matures upon demand and bears interest at a variable interest rate, based upon the prime rate plus 4.291% through October 4, 2020 and 4.247% beginning October 5, 2020 and thereafter. No amounts were outstanding on the line of credit as of August 31, 2022 and 2021.

Note 7. Net Assets with Donor Restrictions

Net Assets with Donor Restrictions consisted of the following at August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Program use restrictions	\$ 1,733,626	\$ 2,142,596
Endowment restrictions	<u>263,199</u>	<u>295,107</u>
Total net assets with donor restrictions	<u>\$ 1,996,825</u>	<u>\$ 2,437,703</u>

Net assets released from Net Assets with Donor Restrictions due to the satisfaction of requirements consisted of the following at August 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Program use restrictions	\$ 2,090,242	\$ 1,736,670

Note 8. Endowments

The Organization has interpreted Texas UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with a standard of prudence prescribed by Texas UPMIFA. Both the permanent and temporary restricted net assets are classified as Net Assets with Donor Restrictions on the face of the financial statements.

In accordance with Texas UPMIFA, the Organization considers the following factors in making a determination on the amount, if any, to be available for distribution from each endowment fund:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Any Baby Can of Austin, Inc.

Notes to Financial Statements

The Organization's endowments consist of two funds established for the benefit of children in the Austin community.

The Mary Sams Memorial Fund represents a gift of bonds given in perpetuity to the Organization that is classified as Net Assets with Donor Restrictions. This endowment requires the original endowment of \$157,306 to remain in perpetuity. The remaining portion of this donor-restricted endowment fund that is not classified as permanently restricted is classified as temporarily restricted until those amounts are appropriated for expenditure by the Organization. As discussed in Note 4, during 2009 the Organization transferred these endowed funds to ACF.

The second endowment fund was established by the Organization using its own unrestricted funds and is held at ACF as well. These funds, and any gains/losses in these funds, are recorded under Net Assets without Donor Restrictions.

Both of these endowment funds are recorded at fair value on the Statements of Financial Position as Beneficial Interests in Assets Held by Others.

The summary of changes in endowment assets for the years ended August 31, 2022 and 2021 is as follows:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Endowment assets as of August 31, 2020	\$ 59,747	\$ 230,396	\$ 290,143
Investment earnings, net	16,781	64,711	81,492
Endowment assets as of August 31, 2021	76,528	295,107	371,635
Investment earnings, net	(8,275)	(31,908)	(40,183)
Endowment assets as of August 31, 2022	<u>\$ 68,253</u>	<u>\$ 263,199</u>	<u>\$ 331,452</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or Board of Directors requires the Organization to retain as a fund of perpetual duration. There were no funds with deficiencies as of August 31, 2022 and 2021.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that produce a yield that preserves the endowment's purchasing power by meeting the Organization's Spending Policy, expenses and inflation over a long-time horizon, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Any Baby Can of Austin, Inc.

Notes to Financial Statements

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Mary Sams Memorial Fund endowment requires the original endowment of \$157,306 to remain in perpetuity, with 8% of the fair market value of the fund as of January 31 each year (the valuation date) to be available for distribution on a quarterly basis. Any return on investment in excess of distribution amount is to be added to the original gift and is recorded as an increase in donor restricted net assets as temporarily restricted until those amounts are appropriated for expenditure by the Organization. There were no distributions from this endowment for the years ended August 31, 2022 or 2021.

The second endowment fund that was established by the Organization using its own unrestricted funds had no distributions as well for the years ended August 31, 2022 or 2021. This fund was established to provide general support for the Organization and distributions of the spendable amount of the endowment fund are at the request of the Organization in agreeance with Austin Community Foundation's (ACF's) Endowment Fund policies.

Note 9. Retirement Plan

The Organization offers a 403(b)-retirement plan. All employees are eligible to participate on their first day of employment. The Organization will match 50% of an employee's contributions up to 4% of their salary deferral after an employee has been employed for one year. Any employee contributions made toward the retirement plan are 100% vested. Participating employees vest employer contributions at 25% per year of service, reaching 100% after four years. Employer retirement match expense for the years ended August 31, 2022 and 2021 was approximately \$94,228 and \$73,950 respectively.

Note 10. Commitments and Contingencies

Leases

The Organization has various equipment leases for copiers as well as a facility lease. Lease expense was approximately \$45,436 and \$44,146 for the years ended August 31, 2022 and 2021, respectively.

Minimum future lease payments as of August 31, 2022 are as follows:

	<u>Year Ending August 31,</u>	
2023	\$	44,056
2024		21,656
2025		10,456
2026		9,573
2027		9,573
Total	\$	<u>95,314</u>

Any Baby Can of Austin, Inc.

Notes to Financial Statements

Contracts with Grantors

The Organization is funded by contracts that are subject to review and audit by grantor agencies. These contracts have certain compliance requirements and if audits by the grantor agencies disclose any areas of substantial noncompliance, the Organization may be required to refund any disallowed costs. Management believes the Organization has complied with applicable requirements.

Contingencies

The Organization from time to time may be involved in contingencies relating to claims arising out of its ordinary course of business. Management believes that there are no claims or actions pending or threatened against the Organization, the ultimate disposition of which would have a material impact on the Organization's financial position, results of operations, or cash flows.

Note 11. Concentrations

During the years ended August 31, 2022 and 2021, the Organization received approximately 59% and 64%, respectively, of total revenue from grant contracts funded through federal, state, and local governments. It is reasonably possible that at some time these contracts could cease, or funding could be reduced, which would have a severe impact on the Organization. However, the Organization does not expect these contracts will be lost in the near future. The Organization also relies on private contributions to provide matches towards grants and also to provide supplemental funds for programs and other expenses not funded by federal, state, or local awards.

Note 12. Special Events

Special events revenue, net of expenses, for the years ended August 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Harvest Classic	\$ 25,000	\$ 60,000
One Stellar Night	130,122	105,228
Other	<u>35,000</u>	<u>44,943</u>
Total	<u>\$ 190,122</u>	<u>\$ 210,171</u>

Any Baby Can of Austin, Inc.

Notes to Financial Statements

Note 13. Functional Classification of Expenses

Functional expenses for the year ended August 31, 2022 are as follows:

	Program Services	Management and General	Fundraising	Total 2022
Salaries, benefits and payroll taxes	\$ 10,679,668	\$ 110,080	\$ 534,493	\$ 11,324,241
Communication	106,692	870	2,921	110,483
Staff professional development	49,079	266	807	50,152
Travel	130,002	63	99	130,164
Professional fees and contracts	1,217,233	1,029	21,872	1,240,134
Office and program supplies	36,738	579	1,088	38,405
Printing and duplication	4,218	658	5,003	9,879
Agency memberships and site fees	77,336	1,037	117	78,490
Equipment rental and maintenance	32,870	1,779	1,573	36,222
Equipment and technology purchases	154,024	10,073	9,711	173,808
Occupancy	98,315	1,756	8,298	108,369
Client assistance	639,349	-	-	639,349
Fundraising expenses	-	-	9,954	9,954
Business expense	101,545	26,553	29,169	157,267
Depreciation expense	94,683	1,888	9,010	105,581
In-kind expense	21,069	-	63,223	84,292
Total expenses	\$ 13,442,821	\$ 156,631	\$697,338	\$14,296,790

Functional expenses for the year ended August 31, 2021 are as follows:

	Program Services	Management and General	Fundraising	Total 2021
Salaries, benefits and payroll taxes	\$ 10,032,338	\$ 96,483	\$ 560,719	\$ 10,689,540
Communication	107,747	491	3,634	111,872
Staff professional development	82,089	514	4,141	86,744
Travel	37,744	10	31	37,785
Professional fees and contracts	1,132,545	479	58,397	1,191,421
Office and program supplies	100,611	345	3,466	104,422
Printing and duplication	7,965	22	4,259	12,246
Agency memberships and site fees	63,109	53	47	63,209
Equipment rental and maintenance	32,867	2,128	1,549	36,544
Equipment and technology purchases	386,221	3,800	7,948	397,969
Occupancy	96,749	1,704	8,172	106,625
Client assistance	397,342	-	-	397,342
Fundraising expenses	-	-	23,364	23,364
Business expense	92,760	12,075	25,930	130,765
Depreciation expense	95,780	1,881	9,012	106,673
In-kind expense	26,535	-	51,108	77,643
Total expenses	\$ 12,692,402	\$ 119,985	\$ 761,777	\$ 13,574,164

Any Baby Can of Austin, Inc.

Notes to Financial Statements

Note 14. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash, cash equivalents and line of credit. See Note 6 for information about the Organization's line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities and the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operation for 2022 and 2021.

As of August 31, 2022, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$	3,611,722
Investments, at fair value		467,855
Accounts receivable		
Grants and contracts		2,247,101
Medical Billings		206,475
Pledges and other, net		9,901
Beneficial interest in assets held by others		331,452
		<hr/>
	\$	<u>6,874,506</u>



**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
Any Baby Can of Austin, Inc.

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 Any Baby Can of Austin, Inc. (the Organization), which comprise the statement of financial position as of August 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

Weaver and Tidwell, L.L.P.
1601 South MoPac Expressway, Suite D250 | Austin, Texas 78746
Main: 512.609.1900

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The Board of Directors of
Any Baby Can of Austin, Inc.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
May 12, 2023



**Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control Over Compliance In
Accordance with Uniform Guidance and the State of Texas
Uniform Grant Management Standards**

To the Board of Directors
Any Baby Can of Austin, Inc.

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Any Baby Can of Austin, Inc.'s (the Organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the State of Texas Uniform Grant Management Standards (UGMS) that could have a direct and material effect on each of the Organization's major federal and state programs for the year ended August 31, 2022. The Organization's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); 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) and UGMS. Our responsibilities under those standards, Uniform Guidance and UGMS 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 Organization 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 and state program. Our audit does not provide a legal determination of the Organization'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 Organization's federal and state 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 the Organization'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 GAAS, Government Auditing Standards, Uniform Guidance and UGMS 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 Organization's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, Uniform Guidance and UGMS, 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 Organization'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 Organization'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 and UGMS, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 or state 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 or state 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 or state 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.

The Board of Directors of
Any Baby Can of Austin, Inc.

Our consideration of 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 that testing based on the requirements of the Uniform Guidance and UGMS. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
May 12, 2023

Any Baby Can of Austin, Inc.

Schedule of Expenditures of Federal and State Awards

Year Ended August 31, 2022

Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures of Awards
Federal Awards			
U.S. Department of Education			
Pass-through programs from			
Texas Health and Human Services Commission			
Early Childhood Intervention Program - Special Education - Grants to States	84.027	HHS000640200024	\$ 130,680
Early Childhood Intervention Program - Special Education - Grants for Infants and Families	84.181	HHS000640200024	1,260,016
Total U.S. Department of Education			1,390,696
U.S. Department of Health and Human Services			
Pass-through programs from			
Texas Department of Family and Protective Services			
Nurse Family Partnership - Temporary Assistance for Needy Families - Non Assistance	93.558	HHS000791900012	1,494,811
Nurse Family Partnership - Temporary Assistance for Needy Families - Emergency Assistance	93.558	HHS000791900012	224,950
Texas Health and Human Services Commission			
Early Childhood Intervention Program - Temporary Assistance for Needy Families	93.558	HHS000640200024	180,535
Department of Family and Protective Services to SAFE			
Project HOPES - Temporary Assistance for Needy Families	93.558	24767186	13,774
Total Temporary Assistance for Needy Families (TANF) Cluster			1,914,070
Pass-through programs from			
Texas Department of State Health Services			
Children with Special Healthcare Needs FSCR Program - Maternal and Child Health Block Grant	93.994	HHS000532700002	112,428
Children with Special Healthcare Needs Case Management Program - Maternal and Child Health Block Grant	93.994	HHS000315700005	188,846
Total Maternal and Child Health Block Grant			301,274
Pass-through programs from			
Texas Department of Family and Protective Services			
Nurse Family Partnership - MaryLee Allen Promoting Safe and Stable Families Program	93.556	HHS000791900012	54,992
Nurse Family Partnership - Community Based Child Abuse Prevention	93.590	HHS000791900012	198,496
Texas Department of Family and Protective Services to United Way			
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	24532533	476,120
Covid 19 - Provider Relief Fund	93.498		327,570
Total U.S. Department of Health and Human Services			3,272,522
U.S. Department of the Treasury			
Pass-through programs from			
Austin Public Health			
Covid 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		61,172
Total U.S. Department of the Treasury			61,172
Total Expenditures of Federal Awards			4,724,390
State Awards			
Texas Health and Human Services Commission			
Early Childhood Intervention Program -			
Early Childhood Intervention	N/A	HHS000640200024	1,315,282
Early Childhood Intervention Program - Respite Services	N/A	HHS000640200024	5,413
Total Texas Health and Human Services Commission			1,320,695
Texas Department of Family and Protective Services			
Nurse Family Partnership	N/A	HHS000791900012	59,435
Pass-through programs from:			
SAFE - Project HOPES	N/A	24767186	414,454
Total Texas Department of Family and Protective Services			473,889
Total Expenditures of State Awards			1,794,584
Total Expenditures of Federal and State Awards			\$ 6,518,974

The Notes to Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

Any Baby Can of Austin, Inc.

Notes to Schedule of Expenditures of Federal and State Awards

Summary of Significant Accounting Policies

Reporting Entity

The schedule of expenditures of federal and state awards (the Schedule) includes the activity of all the federal and state grant programs administered by Any Baby Can of Austin, Inc. (the Organization). The Schedule presents total federal and state awards expended for each individual program.

Basis of Accounting

The expenditures for each of the federal and state financial assistance programs are presented on the accrual basis of accounting, consistent with the Organization's basic financial statements. The amounts reported in the financial statements agree with the amounts reported in the schedule as follows:

Total federal and state award expenditures per schedule	\$	6,518,974
Plus local funding sources		<u>2,425,893</u>
Total government grants per statement of activities	\$	<u>8,944,867</u>

Local Funds

In accordance with the terms of the Early Childhood Intervention Program, the Organization provided sources of funds other than federal and state to support the program totaling \$3,257,294 for the year ended August 31, 2022.

Insurance Coverage

Any Baby Can of Austin, Inc. carried insurance coverage of \$1,750,000 per incident for employee theft and \$500,000 for forgery and alteration during the grant period.

Indirect Cost Rate

The Organization has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Any Baby Can of Austin, Inc.

Schedule of Findings and Questioned Costs Year Ended August 31, 2022

Section 1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over compliance:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of Uniform Guidance?	No

Identification of major federal program:

Federal Assistance Listing Number

84.181

Name of Federal Program or Cluster

Early Childhood Intervention Program -
Special Education Grants for Infants and Families

Dollar threshold used to distinguish programs:	\$750,000
Auditee qualified as low-risk auditee:	Yes

State Awards

Internal control over major state programs:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the State of Texas Single Audit Circular?	No

Identification of major state program:

Grant Number

HHS00640200024

Name of Federal Program or Cluster

Early Childhood Intervention Program -
Early Childhood Intervention and Respite Services

Dollar threshold used to distinguish Type A programs:	\$300,000
Auditee qualified as low-risk auditee:	Yes

Any Baby Can of Austin, Inc.

Schedule of Findings and Questioned Costs – Continued
Year Ended August 31, 2022

Section 2. Financial Statement Findings

None reported

Section 3. Federal and State Award Findings and Questioned Costs

None reported

Section 4. Schedule of Prior Audit Findings and Questioned Costs

None reported