

MID-COAST FAMILY SERVICES, INC.

VICTORIA, TEXAS

FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2020

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PAUL B. HOLM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. DRAWER C ■ VICTORIA, TEXAS 77902

Independent Auditors' Report

To the Board of Directors
Mid-Coast Family Services, Inc.
Victoria, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Mid-Coast Family Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ONE TWENTY SOUTH MAIN ■ SUITE 305 ■ VICTORIA, TEXAS 77901

EMAIL: PHOLM@PAULHOLMCPA.COM ■ PHONE: 361.894.8717 ■ FAX: 361.894.8892

SECURITIES OFFERED THROUGH 1ST GLOBAL CAPITAL CORP. MEMBER FINRA/SPIC. INVESTMENT ADVISORY SERVICES OFFERED THROUGH 1ST GLOBAL ADVISORS, INC.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mid-Coast Family Services, Inc. as of August 31, 2020, and the 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.

Other Matters

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2021, on our consideration of Mid-Coast Family Services, Inc.'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 Mid-Coast Family Services, Inc.'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 Mid-Coast Family Services, Inc.'s internal control over financial reporting and compliance.

Paul B. Holm + Co., PLLC
Certified Public Accountants

May 24, 2021

MID-COAST FAMILY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2020

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 859,611
Cash - Fiduciary Funds	1,772
Accounts Receivable	592,051
Deposits	8,000
Prepaid Expenses	77,478
Inventory	<u>81,662</u>
Total Current Assets	1,620,574
Property and Equipment, Net	1,737,128
Non-Current Assets:	
Cash - Restricted for Youth Services	<u>20,542</u>
Total Assets	<u><u>\$ 3,378,244</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 40,115
Accrued Salaries and Related Expenses	110,825
Sales Tax Payable	98
Due to Others - Fiduciary Fund	1,772
Deferred Revenue	71,250
Long-Term Debt, Current Portion	<u>808</u>
Total Current Liabilities	224,868
Long-Term Liabilities	
Long-Term Debt, Net of Current Portion	<u>149,192</u>
Total Liabilities	374,060
Net Assets:	
Net Assets Without Donor Restriction	2,983,642
Net Assets With Donor Restriction	<u>20,542</u>
Total Net Assets	<u><u>3,004,184</u></u>
Total Liabilities and Net Assets	<u><u>\$ 3,378,244</u></u>

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

MID-COAST FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2020

Net Assets Without Donor Restriction	
Revenues, Gains, and Other Support:	
Contributions	\$ 860,231
Federal Grant Revenues	2,936,920
State Grant Revenues	446,079
PPP & EIDL Income	437,700
Contract Income	73,753
Other	39,603
Program Fees	20,900
United Way	148,684
Fundraising	7,032
Thrift Shop	<u>262,178</u>
Total Revenue Without Donor Restriction	5,233,080
Net Assets Released from Restriction	<u>20,821</u>
Total Revenues, Gains, and Other Support Without Donor Restriction	<u>5,253,901</u>
Expenses:	
Program Services	
Prevention	584,376
Family Violence	1,020,671
Intervention	711,398
Homelessness Prevention	1,191,125
Supporting Services	
General	961,435
Fundraising	<u>3,148</u>
Total Expenses	<u>4,472,153</u>
Increase in Net Assets Without Donor Restriction	<u>781,748</u>
Net Assets With Donor Restriction	
Other Donations	25,000
Net Assets Released from Restriction	<u>(20,821)</u>
Increase in Net Assets With Donor Restriction	<u>4,179</u>
Total Change in Net Assets	785,927
Net Assets, Beginning of Year	<u>2,218,257</u>
Net Assets, End of Year	<u><u>\$ 3,004,184</u></u>

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

MID-COAST FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2020

	Program Services				Supporting Services		Total
	Family		Homelessness		General	Fundraising	
	<u>Prevention</u>	<u>Violence</u>	<u>Intervention</u>	<u>Prevention</u>			
Expenses							
Personnel	\$ 406,339	\$ 625,901	\$ 490,164	\$ 343,281	\$ 323,166	\$ --	\$ 2,188,851
Employee Benefits & Payroll Taxes	73,553	99,927	68,384	52,593	51,588	--	346,045
Travel, Lodging & Auto	18,174	2,487	27,670	3,159	11,480	--	62,970
Supplies	25,048	35,259	19,478	10,874	24,888	--	115,547
Rent	25,094	88,329	33,390	624,035	74,534	--	845,382
Telephone & Communications	2,982	15,457	5,828	6,293	9,427	--	39,987
Professional Expense	4,327	7,349	5,592	3,871	9,314	--	30,453
Event Expenses	--	--	--	--	--	3,148	3,148
Insurance	8,049	11,119	13,484	7,241	24,180	--	64,073
Direct Client Expenses	1,053	19,938	2,944	14,878	5,225	--	44,038
Depreciation	--	6,103	--	--	70,052	--	76,155
Other	19,757	108,802	44,464	124,900	101,553	--	399,476
Thrift Store, Cost of Goods Sold	--	--	--	--	256,028	--	256,028
 Total Expenses	 <u>\$ 584,376</u>	 <u>\$ 1,020,671</u>	 <u>\$ 711,398</u>	 <u>\$ 1,191,125</u>	 <u>\$ 961,435</u>	 <u>\$ 3,148</u>	 <u>\$ 4,472,153</u>

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

MID-COAST FAMILY SERVICES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2020

Cash Flows From Operating Activities:	
Change in Net Assets	\$ 785,927
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	76,155
Increase in Operating Assets:	
Accounts Receivable	(239,912)
Prepaid Expenses	(12,092)
Inventory	(6,144)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(14,502)
Accrued Salaries and Related Expenses	20,782
Sales Tax Payable	(2,543)
Deferred Revenue	(11,250)
Net Cash Provided by Operating Activities	596,421
Cash Flows From Investing Activities:	
Purchases of Capital Assets	(15,600)
Cash Flows From Financing Activities:	
Proceeds from SBA Loan	150,000
Net Increase in Cash and Cash Equivalents	730,821
Cash and Cash Equivalents, Beginning of Year	149,332
Cash and Cash Equivalents, End of Year	\$ 880,153

Supplemental Disclosure of Cash Flow Information

Reconciliation of Cash and Cash Equivalents per the
Statement of Cash Flows to the Statement of Financial Position

Cash and Cash Equivalents	\$ 859,611
Cash - Restricted for Youth Services	20,542
Total Cash and Cash Equivalents	\$ 880,153

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

MID-COAST FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

Note 1: Nature of Activities

Mid-Coast Family Services, Inc. (the Organization) is a non-profit organization incorporated in 1990 under the laws of the State of Texas for the purpose of providing education, information, prevention, treatment, and intervention services to the general population within their community in an effort to reduce alcohol and drug abuse, homelessness, and family violence. The Organization serves residents in Lavaca, Jackson, Goliad, DeWitt, Gonzales, Calhoun, and Victoria counties.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting -- The Organization prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues are recognized when the underlying transactions occur, and expenses and losses are recognized when incurred.

Basis of Presentation – In accordance with FASB ASC 958, *Not-for-Profit Entities*, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Cash and Cash Equivalents -- The Organization considers all time deposits, certificates of deposit, investments in money market mutual funds, and highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Such items that meet this definition and are designed for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes, are considered cash equivalents for cash flow reporting purposes.

MID-COAST FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

Note 2: Summary of Significant Accounting Policies (Continued)

Accounts Receivable -- Accounts receivable are recorded for grant funds expected to be received. No allowance has been recorded due to the balance being considered fully collectible by management based on prior experience.

Inventory -- Inventory consists of the fair market value of items donated to the Thrift 'N Gift and Mid-Coast Family Treasures stores for resale. Cost of goods sold is measured by sales adjusted for inventory differences at year end.

Property and Equipment -- Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful lives of the assets and computed using the straight line method. It is the policy of the Organization to capitalize property and equipment costing \$5,000 or more. Lesser amounts are expensed. Donations of property and equipment are recorded at the estimated fair market value. The Organization reports donations of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. At year end, there were no significant donations of property and equipment.

Compensated Absences -- New employees are eligible for vacation leave after completing six months of employment. The amount of vacation leave awarded varies according to level of job responsibility as defined in the policy manual. After five years of continuous employment with the Organization, employees are awarded an additional forty hours of vacation leave.

The Organization's policy is that unused vacation leave may not be carried over to the next fiscal year. Employees who voluntarily terminate employment are compensated for unused vacation leave upon termination as long as two weeks' notice is given. During the fiscal year ended August 31, 2020, employees were not compensated for any unused vacation leave.

Contributions -- The Organization accounts for contributions in accordance with the guidance of ASC 958 such that contributions received and contributions receivable are recorded as with or without donor restriction.

Gifts of land, buildings, equipment, and other long-lived assets are also reported as unrestricted revenues and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restriction as net assets without donor restriction are reported when long-lived assets are placed in service.

MID-COAST FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

Note 2: Summary of Significant Accounting Policies (Continued)

Donated Services -- Donated services are recognized as contributions in accordance with FASB ASC 958, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. For the year ended August 31, 2020, the Organization did not receive any donated services that meet the requirements for revenue recognition under the criteria established by FASB ASC 958.

Expense Allocation -- The costs of providing prevention, family violence, intervention, homelessness prevention, and general support have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between prevention, family violence, intervention, treatment services, thrift, and other activities benefited.

Program Services -- Program services expenses are comprised of direct and indirect costs related to the Organization's services. For financial reporting purposes, these expenses are reported under the following categories:

1. **Prevention programs** -- costs related directly to the delivery of substance abuse prevention services.
2. **Family Violence programs** -- costs related directly to the delivery of services to assist victims of family violence and sexual assault.
3. **Intervention** -- costs related directly to the delivery of substance abuse intervention services.
4. **Homelessness Prevention** -- costs related directly to operating emergency shelters, providing supportive housing services, rapidly re-housing homeless people, and preventing families and individuals from becoming homeless.

Supporting Activities -- Supporting activities expenses are expenses for activities not directly related to the Organization's program services. These costs have been reported using one of the following two categories:

1. **General and administrative** -- comprised primarily of administrators' salaries and related benefits.
2. **Fundraising** -- costs related to conducting the various fundraising efforts of the Organization.

Certain costs have been allocated among the programs and supporting activities benefited.

MID-COAST FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

Note 2: Summary of Significant Accounting Policies (Concluded)

Advertising Costs -- Advertising costs are expensed as incurred. Advertising costs for the year ended August 31, 2020 were \$4,584.

Income Taxes -- The Organization is a non-profit corporation whose revenue is derived from grants, contributions, and other program activities and is not subject to federal or state income taxes. The Organization is recognized as exempt under Section 501(c)(3) of the Internal Revenue Code pursuant to a group exemption letter received from the Internal Revenue Service. The Organization's tax years 2016 and later remain subject to examination by major tax jurisdictions.

Management's Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Date of Management's Review -- Subsequent events were evaluated through May 24, 2021, which is the date the financial statements were available to be issued.

Note 3: Concentration Risks

The Organization maintains its cash accounts in a financial institution located in Victoria, Texas. Deposit accounts are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, the balances in bank deposit accounts may exceed federally insured limits. The Organization had \$733,012 uninsured at August 31, 2020.

Approximately 12% of accounts receivable at year end is due from one local non-profit organization. The remainder of accounts receivable consists of grants from state and federal agencies. Based on evaluation of subsequent receipts, the risk arising from this concentration of receivables is not considered significant.

MID-COAST FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

Note 4: Property and Equipment

As of August 31, 2020, the Organization's property and equipment assets were comprised of the following:

Property and Equipment Not Being Depreciated	
Land	\$ 27,560
Property and Equipment Being Depreciated	
Buildings	2,076,349
Vehicles	206,406
Equipment	167,726
Total Property and Equipment Being Depreciated	<u>2,450,481</u>
Less: Accumulated Depreciation	<u>(740,913)</u>
Property and Equipment Being Depreciated, Net	<u>1,709,568</u>
Net Property and Equipment	<u>\$ 1,737,128</u>

Depreciation expense for the current year totaled \$76,155.

Note 5: Notes Payable

Notes payable at August 31, 2020 consisted of the following:

Installment loan; interest rate of 2.75%; collateralized by all tangible and intangible property; matures on May 10, 2051	\$ 150,000
Less Current Portion	<u>(808)</u>
Total Note Payable, Long Term Portion	<u>\$ 149,192</u>

Principal amounts are due as follows:

<u>Year Ended August 31,</u>	
2021	\$ 808
2022	3,287
2023	3,278
2024	3,472
2025	3,569
Thereafter	<u>134,778</u>
Total Minimum Obligation	<u>\$ 149,192</u>

MID-COAST FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

Note 6: Net Assets With Donor Restriction

The Organization's net assets with donor restriction (subject to expenditure for a specific purpose) are assets that have been restricted by their respective donors. As of August 31, 2020, net assets with donor restriction consisted of amounts that had been restricted by donors for the following purposes:

Youth Services	\$ <u>20,542</u>
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The amounts restricted for youth services are used for the maintenance and operation of a homework center and for summer camp.

Note 7: Operating Lease Agreements

The Organization was obligated under various operating lease agreements during the current fiscal year for the use of buildings, apartments, and office equipment. Rental expenses for all operating leases for the year ended August 31, 2020 was \$845,382. Lease expiration dates range from December 31, 2020 to January 5, 2025.

Future minimum lease payments for all non-cancelable operating leases having a remaining term in excess of one year at August 31, 2020, are as follows:

Fiscal Year <u>Ending</u>	
2021	\$ 561,084
2022	146,881
2023	1,080
Thereafter	<u>-0-</u>
Total Minimum Obligation	<u>\$ 709,045</u>

Note 8: Deferred Revenue

The Organization has deferred revenue related to United Way contributions to be received in the subsequent year.

MID-COAST FAMILY SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2020

Note 9: Employee Benefit Plans

The Organization sponsors a retirement plan for the benefit of its employees. The plan is a qualified defined contribution plan that operates pursuant to Section 403(b) of the Internal Revenue Code. The Plan is available to all full time employees. Under the plan, participants contribute on a salary-reduction basis. Participant contributions may not exceed limits imposed by the Internal Revenue Code. The Organization matches the first four percent (4%) of participant contributions. For the year ended August 31, 2020, the Organization contributed \$32,924.

Note 10: Liquidity and Availability of Financial Assets

The Organization's primary sources of support are contributions and grants. This support is split between unrestricted amounts and amounts with purposed restrictions stipulated by the donor. The split between the two fluctuates from year to year. The Organization's goal is to maintain liquid financial assets without donor restrictions to cover program expenses for as long as possible.

Financial Assets Available Within One Year and Free of Donor Restrictions:	
Cash	\$ 859,611
Accounts Receivable	<u>592,051</u>
 Total Financial Assets Available Within One Year and Free of Donor Restrictions	 1,451,662
 Financial Assets with Liquidity Restrictions Greater Than One Year:	
Cash	<u>20,542</u>
 Total Financial Assets	 <u>\$ 1,472,204</u>

Note 11: Related Party Transactions

The financial advisor for the Organization's retirement plan is also a board member. The transactions appear to be completed at arm's length. The plan's assets were \$842,587 at August 31, 2020.

SINGLE AUDIT SECTION



PAUL B. HOLM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. DRAWER C ■ VICTORIA, TEXAS 77902

**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors
Mid-Coast Family Services, 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 Mid-Coast Family Services, Inc. (a non-profit organization), which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mid-Coast Family Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mid-Coast Family Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Mid-Coast Family Services, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Paul B. Holm + Co., PLLC

Certified Public Accountants

May 24, 2021



PAUL B. HOLM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

P.O. DRAWER C ■ VICTORIA, TEXAS 77902

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Mid-Coast Family Services, Inc.

Report on Compliance for Each Major Federal Program

We have audited Mid-Coast Family Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mid-Coast Family Services, Inc.'s major federal programs for the year ended August 31, 2020. Mid-Coast Family Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Mid-Coast Family Services, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mid-Coast Family Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

ONE TWENTY SOUTH MAIN ■ SUITE 305 ■ VICTORIA, TEXAS 77901

EMAIL: PHOLM@PAULHOLMCPA.COM ■ PHONE: 361.894.8717 ■ FAX: 361.894.8892

SECURITIES OFFERED THROUGH 1ST GLOBAL CAPITAL CORP. MEMBER FINRA/SPIC. INVESTMENT ADVISORY SERVICES OFFERED THROUGH 1ST GLOBAL ADVISORS, INC.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mid-Coast Family Services, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Mid-Coast Family Services, Inc. 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 August 31, 2020.

Report on Internal Control Over Compliance

Management of Mid-Coast Family Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mid-Coast Family Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mid-Coast Family Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Paul B. Holm + Co., PLLC

Certified Public Accountants

May 24, 2021

MID-COAST FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2020

Federal Grantor/Department/Name of Federal Program/ Pass-Through Grantor/Program Title	CFDA Number	Contract Period	Expenditures		Total Expenditures
			From Direct Awards	From Pass Through Awards	
<u>FEDERAL PROGRAMS</u>					
U.S. Department of Housing and Urban Development					
Office of Community Planning and Development					
Supportive Housing Program					
Grant No. TX 0044 L6J 071811	14.235	8/01/19 - 7/31/20	\$ 480,904	\$ -0-	\$ 480,904
Grant No. TX 0044 L6J 071912		8/01/20 - 7/31/21	47,190	-0-	47,190
Emergency Solutions Grants Program					
Texas Department of Housing and Community Affairs					
Contract No. 42186070044	14.231	11/01/18 - 10/31/19	-0-	31,884	31,884
Contract No. 42196070036		10/01/19 - 9/30/20	-0-	303,618	303,618
Contract No. 42186070071		3/01/20 - 8/31/20	-0-	86,249	86,249
Contract No. 43206070036		3/01/20 - 7/31/21	-0-	91,028	91,028
Community Development Block Grant					
City of Victoria - Entitlement Grant		9/01/19 - 10/31/20	-0-	9,897	9,897
Total U.S. Department of Housing and Urban Developer			528,094	522,676	1,050,770
U.S. Department of Health and Human Services					
Substance Abuse and Mental Health Services Administration					
Block Grants for Prevention and Treatment of Substance Abuse					
Texas Health and Human Services Commission					
HHS000077600035 SA/YPI 201909	93.959	9/01/19 - 8/31/20	-0-	206,429	206,429
HHS000539700113 SA/YPS 201909		9/01/19 - 8/31/20	-0-	280,319	280,319
HHS000539700063 SA/YPU 201909		9/01/19 - 8/31/20	-0-	157,834	157,834
Total Substance Abuse Grants			-0-	644,582	644,582

MID-COAST FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2020

Federal Grantor/Department/Name of Federal Program/ Pass-Through Grantor/Program Title	CFDA Number	Contract Period	From Direct Awards	From Pass Through Awards	Total Expenditures
<u>FEDERAL PROGRAMS</u>					
Family Violence Prevention Services Act (FVPSA) 529-15-0032-00052	93.671	9/01/19 - 8/31/20	-0-	51,760	51,760
CARES ACT Funding HHS000380000049	93.671		-0-	10,449	10,449
Special Non-Resident	93.671	9/01/19 - 8/31/20	-0-	2,836	2,836
Social Security Block Grant HHS000380000049	93.667	9/01/19 - 8/31/20	-0-	10,604	10,604
Temp. Assistance for Needy Families to Title XX 529-15-0032-00052	93.558	9/01/19 - 8/31/20	-0-	100,011	100,011
Prevention and Early Intervention (Star)	93.556	10/01/18 - 09/30/20	-0-	522,274	522,274
Total U.S. Department of Health and Human Services			-0-	1,342,516	1,342,516
U.S. Department of Justice					
VA - Victims of Crime Act Formula Grant Program					
Victims Services - Family Violence and Sexual Assault 28933-03	16.575	10/01/18 - 9/30/20	-0-	341,086	341,086
Victims Assitance, Transitional Housing 3423601		10/01/17 - 9/30/19	-0-	20,122	20,122
Victims Assitance, Transitional Housing 3423602	16.017	10/01/19 - 9/30/21	-0-	167,926	167,926
Total U.S. Department of Justice			-0-	529,134	529,134
U.S. Department of Homeland Security					
Emergency Food and Shelter National Board Program	97.024	10/01/18 - 5/31/20	-0-	14,500	14,500
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 528,094	\$ 2,408,826	\$ 2,936,920

MID-COAST FAMILY SERVICES, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
AUGUST 31, 2020

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes federal award activity of the Organization under programs of the federal government for the year ended August 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements*, and *Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Organization.

Note 2: Significant Accounting Policies

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

Note 3: Indirect Cost Rate

The Organization elected to use the 10% de minimus cost rate as covered by section 200.414 of the Uniform Guidance.

MID-COAST FAMILY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2020

Federal Awards

A. Summary of Auditors' Results

- * The auditors' report expresses an unmodified opinion on whether the financial statements of Mid-Coast Family Services, Inc. were prepared in accordance with U.S. generally accepted accounting principles.
- * No significant deficiencies in internal control were disclosed by the audit.
- * No material instances of noncompliance were disclosed by the audit.
- * No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed by the audit.
- * The auditors' report on compliance for the major federal award programs for Mid-Coast Family Services, Inc. expresses an unmodified opinion on all major federal programs.
- * No findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
- * Major Programs tested: CFDA # 93.556, Prevention and Early Intervention, and CFDA #16.575, Victims Services – Family Violence and Sexual Assault.
- * The threshold used to distinguish between Type A and Type B programs was \$750,000.
- * Mid-Coast Family Services, Inc. was determined to be a low-risk auditee.

B. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards.

NONE

C. Findings and Questioned Costs for Federal Awards

NONE

**MID-COAST FAMILY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2020**

There were no findings and/or questioned costs during the prior year audit.