



**The Parenting Center**



**Financial Statements with Compliance Reports and Supplementary Information  
December 31, 2022**

# The Parenting Center

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## **Independent Auditors' Report**

To the Board of Directors of  
The Parenting Center

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of The Parenting Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Parenting Center as of December 31, 2022, 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 (GAAP).

#### ***Basis for Opinion***

We conducted our audit 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Parenting Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP; 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.

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 Parenting Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Parenting Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Parenting Center's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. 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. This 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 GAAS. In our opinion, such 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 August 11, 2023, on our consideration of The Parenting Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Parenting Center's internal control over financial reporting and compliance.



A Limited Liability Partnership

Arlington, Texas  
August 11, 2023

**The Parenting Center**  
**Statement of Financial Position**  
**December 31, 2022**

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**Assets**

**Current assets:**

Cash and cash equivalents	\$ 713,152
Investments	407,823
Accounts receivable	810,176
Prepaid expenses	12,206

**Total current assets** 1,943,357

**Other assets:**

Property and equipment, net	909,664
Cash equivalents restricted for endowment	108,583

**Total other assets** 1,018,247

**Total assets** \$ 2,961,604

**Liabilities and Net Assets**

**Current liabilities:**

Accounts payable	\$ 66,210
Accrued liabilities	20,181
Agency liability	13,062

**Total liabilities** 99,453

**Net assets:**

Without donor restrictions	2,616,872
With donor restrictions	245,279

**Total net assets** 2,862,151

**Total liabilities and net assets** \$ 2,961,604

See notes to financial statements.

**The Parenting Center**  
**Statement of Activities**  
**Year Ended December 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Government grants and contracts	\$ 2,356,136	\$ -	\$ 2,356,136
Contributions	274,287	194,962	469,249
Contributed nonfinancial assets	21,665	-	21,665
Special events (net of direct costs of \$42,070)	45,371	-	45,371
Program service fees, net	231,547	-	231,547
Investment loss, net	(61,305)	-	(61,305)
Other income	34,159	-	34,159
Net assets released from restrictions	79,422	(79,422)	-
<b>Total revenue and support</b>	<b>2,981,282</b>	<b>115,540</b>	<b>3,096,822</b>
<b>Expenses:</b>			
Program services:			
Clinical	404,316	-	404,316
Education	2,310,885	-	2,310,885
<b>Total program services</b>	<b>2,715,201</b>	<b>-</b>	<b>2,715,201</b>
Administrative	248,959	-	248,959
Fundraising	197,943	-	197,943
<b>Total expenses</b>	<b>3,162,103</b>	<b>-</b>	<b>3,162,103</b>
<b>Change in net assets from operations</b>	<b>(180,821)</b>	<b>115,540</b>	<b>(65,281)</b>
<b>Non-operating income:</b>			
Gain on involuntary conversion	16,685	-	16,685
Employee retention credit interest	20,955	-	20,955
<b>Total non-operating income</b>	<b>37,640</b>	<b>-</b>	<b>37,640</b>
<b>Change in net assets</b>	<b>(143,181)</b>	<b>115,540</b>	<b>(27,641)</b>
<b>Net assets at beginning of year</b>	<b>2,760,053</b>	<b>129,739</b>	<b>2,889,792</b>
<b>Net assets at end of year</b>	<b>\$ 2,616,872</b>	<b>\$ 245,279</b>	<b>\$ 2,862,151</b>

See notes to financial statements.

**The Parenting Center**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2022**

	Program Services			Administrative	Fundraising	Total Expenses
	Clinical	Education	Total			
Compensation and related costs	\$ 293,716	\$ 1,075,754	\$ 1,369,470	\$ 156,882	\$ 168,092	\$ 1,694,444
Professional fees	12,863	122,442	135,305	20,886	4,544	160,735
Supplies	5,784	198,020	203,804	9,435	3,343	216,582
Telephone	3,771	22,514	26,285	1,851	1,657	29,793
Postage	146	1,617	1,763	41	496	2,300
Occupancy	12,470	35,417	47,887	5,336	3,329	56,552
Printing	373	8,314	8,687	598	764	10,049
Local transportation	181	4,382	4,563	1,049	272	5,884
Conferences/travel/meals	659	69,833	70,492	142	400	71,034
Marketing	893	47,122	48,015	317	2,178	50,510
Dues and subscriptions	14,281	14,404	28,685	1,006	11,628	41,319
Board and staff meetings	166	1,271	1,437	598	46	2,081
Equipment	1,515	8,875	10,390	783	530	11,703
Recruitment	2,732	3,087	5,819	1,154	10	6,983
Insurance	6,187	7,379	13,566	676	654	14,896
Contracted agencies	-	690,454	690,454	-	-	690,454
Contract counseling	48,579	-	48,579	-	-	48,579
Special events	-	-	-	-	42,070	42,070
Depreciation	-	-	-	48,205	-	48,205
<b>Total expenses</b>	<b>\$ 404,316</b>	<b>\$ 2,310,885</b>	<b>\$ 2,715,201</b>	<b>\$ 248,959</b>	<b>\$ 240,013</b>	<b>\$ 3,204,173</b>
<b>Less: expenses included with revenues on the statement of activities</b>						
Special events	-	-	-	-	(42,070)	(42,070)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 404,316</b>	<b>\$ 2,310,885</b>	<b>\$ 2,715,201</b>	<b>\$ 248,959</b>	<b>\$ 197,943</b>	<b>\$ 3,162,103</b>

See notes to financial statements.



**The Parenting Center**  
**Statement of Cash Flows**  
**Year Ended December 31, 2022**

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<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (27,641)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	48,205
Net realized and unrealized losses on investments	76,246
Changes in assets and liabilities:	
Accounts receivable	(568,572)
Other receivable	551,375
Prepaid expenses	3,504
Accounts payable	(16,898)
Accrued liabilities	653
Agency liability	<u>(12,599)</u>
<b>Net cash provided by operating activities</b>	<b>54,273</b>
<b>Cash flows from investing activities:</b>	
Purchases of property and equipment	(62,336)
Purchases of investments	(176,437)
Proceeds from sales of investments	<u>167,050</u>
<b>Net cash used by investing activities</b>	<b><u>(71,723)</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b>(17,450)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b><u>839,185</u></b>
<b>Cash and cash equivalents at end of year</b>	<b><u><u>\$ 821,735</u></u></b>
<b>Reconciliation of cash and cash equivalents reported within the statement of financial position to the statement of cash flows:</b>	
Cash and cash equivalents	\$ 713,152
Cash equivalents restricted for endowment	<u>108,583</u>
<b>Total cash and cash equivalents shown on the statement of cash flows</b>	<b><u><u>\$ 821,735</u></u></b>

See notes to financial statements.

# The Parenting Center

## Notes to Financial Statements

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### 1. Organization

The Parenting Center's (Center) mission is to provide family members and professionals with the tools, resources and services to build successful families. The Center was built on the core belief that empowering families with the necessary knowledge and skills can lead them to develop and maintain healthy lives.

The Center pursues its objectives through the execution of the following clinical and education programs:

Clinical Counseling- Counseling is provided by the Center's staff and contract counselors for parents, couples, children and entire families. Counseling ranges from general assistance with family situations to help for abused and neglected children. Fees range from assistance provided by the Texas Department of Family and Protective Services or other organizations to direct payments from the counseled individuals and insurance providers. Some fees are based on a sliding scale depending on income and family size.

Parenting Advice Line- The Center sponsors a free telephone service where counselors and educators answer parenting questions and concerns. It is the Center's longest running program.

Family Life Education- Staff and volunteer educators present workshops and courses on numerous positive parenting topics to various groups throughout the Tarrant County Metroplex. Fees for classes are offered at a sliding scale for Tarrant County residents who may need assistance. The groups hosting the class such as churches, PTA's, etc. usually sponsor the classes offered at the group's location. Fees for these classes are negotiable based on organization type. United Way funding and grants from foundations make it possible for the Center to offer some reduced-cost and free programs.

Parent Coaching- The Parent Coaching program utilizes trained educators to coach parents on challenging behaviors they may be experiencing through evidence-based practices (including Trust-Based Relational Intervention and Nurturing Parenting). The program will increase trust between caregivers/parents and their kids while giving them the tools to talk with their kids in a way they can appreciate and understand. It serves families who have children between the ages of 3 and 16 through in-office, virtual or in-home visits to best meet the needs of clients. Funding is provided through foundation grants and sliding fee scales for clients.

Healthy Marriage- The Center coordinates the Healthy Marriage Healthy Families Coalition of Tarrant County. Community members are trained in evidence-based pre-marriage and marriage curriculum. Once trained, couples and individuals lead workshops designed to promote and sustain healthy marriages. This program coordinates the State of Texas Together project for an eleven county region.

# The Parenting Center

## Notes to Financial Statements

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Family Transitions Program- The program provides comprehensive support to families raising children between two homes. Services are offered to parents, blended families, grandparents and children. The program includes classes, counseling, consultation, mediation and co-parent coaching.

Empowering Students- This project is a relationship education program for youth (grades 9-12) that provides a comprehensive trauma-informed, data-driven service to improve youth relationship skills, communication and budgeting skills. The project coordinates with organizations and high schools in Tarrant County to reach the youth in grades 9-12. Funding for this program is provided by a READY4Life grant through the U.S. Department of Health and Human Services.

Empowering Families- The Center provides marriage/relationship classes and other services to strengthen and stabilize families. The target population for these services is low-income families, refugees, Temporary Assistance for Needy Families (TANF) recipients and those eligible of receiving TANF. Funding for this program comes from a Community-Centered Healthy Marriage and Relationship grant provided through the U.S. Department of Health and Human Services.

Future First- The Future First project is designed to empower and help teens (grades 9-12) to think about their future. This project focuses on all aspects of a teen's well-being including knowing themselves, relationships today, what healthy relationships are and pregnancy, STIs and HIV. This project serves youth through Tarrant County high schools and other community-based organizations for those who may be at a higher risk of having faced an Adverse Childhood Experience. Funding is provided by a PREP Competitive grant through the U.S. Department of Health and Human Services.

The Center is funded primarily through government grants and contracts, contributions and grants from the foundations, individuals and corporations and fees charged to participants on a sliding scale basis.

## **2. Summary of Significant Accounting Policies**

### ***Basis of Accounting***

The Center prepares the financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, revenues are recognized when earned and expenses are recorded as incurred.

# The Parenting Center

## Notes to Financial Statements

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### ***Financial Statement Presentation***

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

*Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of the Center and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Center to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a board of directors approved spending policy.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (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.

In the absence of donor restrictions to the contrary, restrictions on contributions of property and equipment or on assets restricted to acquiring property and equipment expire when the property and equipment is placed in service.

### ***Financial Instruments and Credit Risk Concentrations***

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, accounts receivable and investments in marketable securities. Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. Accounts receivable are unsecured and are due from various third party payors and government agencies. At December 31, 2022, 80% of accounts receivable is due from one government agency and 15% is due from one foundation. The Center continually evaluates the collectability of accounts receivable and maintains allowances for potential losses, if considered necessary. Marketable securities are subject to various risks, such as interest rate, credit and overall market volatility risks.

# The Parenting Center

## Notes to Financial Statements

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The Center maintains cash balances at various financial institutions located in Texas. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Center had uninsured cash balances totaling \$90,696 as of December 31, 2022.

### ***Cash Equivalents***

Cash equivalents consist of all highly liquid investments purchased with an initial maturity of three months or less. Cash equivalents that are not available for current use are included with investments.

### ***Investments***

Investments consist of a money market, mutual funds, equities and exchange traded funds and are stated at fair value in the statement of financial position.

### ***Accounts Receivable***

The Center maintains receivables due from government agencies and third-party payors for services performed. The Center carries its accounts receivable due from third-party payors at standard charges, less an allowance for doubtful accounts and contractual adjustments. For government grants and contracts, the excess of reimbursable expenditures over cash receipts is included in accounts receivable. On a periodic basis, the Center evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on history of past write offs, collections and adjustments. At December 31, 2022, management considers accounts receivable to be fully collectible.

### ***Property and Equipment***

Property and equipment are recorded at cost or, if donated, at estimated fair market value at the date of the gift. Depreciation is computed using the straight-line method over estimated useful lives of 5 to 40 years.

### ***Long-Lived Assets***

The Center's long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. This review requires significant judgments both in assessing events and circumstances as well estimating future cash flows. Should events indicate that any of the assets are impaired, the amount of such impairment will be measured as the difference between the carrying value and the fair value of the impaired asset and the impairment will be recorded in earnings during the period of such impairment. Management believes no impairment has occurred with respect to long-lived assets in 2022.

# The Parenting Center

## Notes to Financial Statements

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### ***Revenue Recognition***

Program service fees are reported at net realizable amounts from participants, third-party payors and others for services rendered. Accounts receivable and revenues are recorded when participant services are performed. Amounts received from third-party payors are different from established billing rates of the Center, and these differences are accounted for as contractual allowances. Program service fee revenue is reported net of contractual adjustments totaling \$60,778 for the year ended December 31, 2022.

The Center recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to meeting measurable performance or other barriers are reported as refundable advances. There were no refundable advances at December 31, 2022.

A portion of the Center's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. The Center considers government grants and contracts to be contributions. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position.

The Center received cost-reimbursable grants totaling \$2,296,022 that had not been recognized at December 31, 2022 because qualifying expenditures had not yet been incurred.

Contributions of nonfinancial assets are reflected as contributions at their estimated fair values at date of receipt. The Center recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

### ***Functional Allocation of Expenses***

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which is allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes,

# The Parenting Center

## Notes to Financial Statements

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professional services, office expenses, information technology, insurance, communication and other, which are allocated on the basis of estimates of time and effort.

### ***Estimates and Assumptions***

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

### ***Federal Income Tax***

The Center is a nonprofit publicly supported organization, as defined in Section 501(c)(3) of the Internal Revenue Service Code (IRC) that is exempt from federal income taxes under Section 501(a) of the IRC. For the year ended December 31, 2022, the Center did not conduct any unrelated business activities that would be subject to federal income taxes and had no uncertain tax positions. Therefore, no tax provision or liability has been reported in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Center's tax returns and recognition of a tax liability (or asset) if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Center, and has concluded that as of December 31, 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

### ***Accounting Pronouncements Adopted***

The Center adopted ASU 2016-02, *Leases* (Topic 842). The guidance in the ASU supersedes the current leasing guidance. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The ASU also required expanded disclosures related to the amount, timing and uncertainty of cash flows arising from leases. The Center has analyzed their leases and determined that the new standard does not have a material effect on the financial statements as a whole.

The Center adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 increases transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in ASU 2020-07 address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets

# The Parenting Center

## Notes to Financial Statements

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recognized by NFPs, as well as the amount of those contributed nonfinancial assets (gifts in-kind) as a separate line item in the consolidated statement of activities. The Center has adopted this ASU on the retrospective basis as of and for the year ended December 31, 2022. Analysis of various provisions of this standard resulted in no significant changes in the way the Center recognizes contributions of nonfinancial assets, and therefore, no changes were required to net assets as of January 1, 2021. The presentation and disclosures of contributed nonfinancial assets have been enhanced in accordance with this standard.

### 3. Investments

Under the Fair Value Measurements and Disclosures topic of the Codification, ASC 820, disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- Level 1      Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.
  
- Level 2      Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.
  
- Level 3      Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Center's investments are valued using Level 1 inputs. The following is a description of the valuation methodology used for instruments measured at fair value:

#### ***Mutual Funds***

These investments are public investment vehicles valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying asset owned by the fund, less its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.



## The Parenting Center

### Notes to Financial Statements

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#### ***Equity Securities and Exchange Traded Funds***

These investments are valued at the closing price reported on the active markets in which the individual securities are traded.

#### ***Money Market Fund***

The investments are valued using \$1 for the NAV.

The following table sets forth the Center's investments at fair value as of December 31, 2022:

Money market funds	\$ 60,469
Mutual funds:	
Stock funds	171,401
Bond funds	51,147
Exchange traded products:	
Equity	41,318
Fixed income	24,943
Equity securities:	
Common stock	<u>58,545</u>
	<u>\$ 407,823</u>

Net investment loss consists of the following for the year ended December 31, 2022:

Dividends and interest	\$ 17,172
Realized loss on investments	(10,688)
Unrealized loss on investments	(65,558)
Fees	<u>(2,231)</u>
	<u>\$ (61,305)</u>

**The Parenting Center**  
**Notes to Financial Statements**

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#### **4. Property and Equipment**

Property and equipment consists of the following as of December 31, 2022:

Land and buildings	\$ 1,809,208
Equipment	141,202
Computer and network	271,554
Furniture and fixtures	<u>250,098</u>
	2,472,062
Accumulated depreciation	<u>(1,562,398)</u>
	<u>\$ 909,664</u>

Depreciation expense totaled \$48,205 for the year ended December 31, 2022.

#### **5. Involuntary Conversion**

During the year ended December 31, 2022, the Center's properties suffered from extensive water damage due to burst pipes. Insurance covered the damage that resulted in a gain on involuntary conversion of assets in the amount of \$16,685 reported in the statement of activities.

#### **6. Endowment Funds**

The Center has donor-restricted endowment funds which are maintained in accordance with explicit donor stipulations. The board of directors of the Center has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) 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 Center classifies as permanent endowment (a) the original value of gifts donated to the permanent endowment (b) the original value of subsequent gifts to the permanent endowment (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instruments at the time the accumulation is added to the fund. The earnings from the original gift are classified as net asset with donor restrictions until those amounts are appropriated from expenditure by the Center in a manner consistent with the standard of prudence prescribed in TUPMIFA. In accordance with TUPMIFA, the Center, in making a determination to appropriate or accumulate donor-restricted endowment funds acts in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and considers if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund

## The Parenting Center

### Notes to Financial Statements

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- 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

The board of directors of the Center is responsible for adopting investment objectives and policies, monitoring policy implementation and investment performance. The Center's investment portfolio is designed to provide a reasonably stable, growing and predictable revenue stream. All investment decisions on behalf of the permanent endowment are based upon and consistent with the above priorities.

Changes in donor-restricted endowment funds for the year ended December 31, 2022 are as follows:

	Accumulated gains (losses) and other	Restricted in perpetuity	Total
Endowment net assets, beginning of year	\$ -	\$ 108,583	\$ 108,583
Investment income	1,298	-	1,298
Appropriation of assets for expenditure	(1,298)	-	(1,298)
Endowment net assets, end of year	\$ -	\$ 108,583	\$ 108,583

### 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31, 2022:

Capital repairs and improvements	\$ 5,919
Clinical	125,000
Technology and software	217
Rebranding	5,560
Restricted in perpetuity	108,583
	\$ 245,279

### 8. Line of Credit

The Center has a \$50,000 operating line of credit agreement with an area bank, with interest at the *Wall Street Journal* prime rate expiring May 2025. Advances on this agreement are secured by the accounts receivable of the Center. There were no borrowings outstanding relating to the agreement as of December 31, 2022.

# The Parenting Center

## Notes to Financial Statements

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### 9. Contributed Nonfinancial Assets

The Center recognizes donated services received that require specialized skills or that would create or enhance nonfinancial assets, which would have been purchased if not acquired through donation. For the year ended December 31, 2022, \$21,665 was recognized as donated services revenue. These contributions of nonfinancial assets were fully utilized for program services and were value based on the fair market value of equivalent services during the year ended December 31, 2022.

During the year ended December 31, 2022, the Center's activities that benefited from professional volunteer assistance were primarily as follows, based on estimates of management:

	<u>Approximate Hours</u>
Clinical services	619

Many individuals volunteer their time to assist the Center with various programs; however, no contribution revenue is recorded for these hours, because they represent non-specialized services and therefore do not meet the requirements necessary to record such services as contribution revenue.

During the year ended December 31, 2022, the Center's activities that benefited from non-specialized volunteer assistance were primarily as follows, based on estimates of management:

	<u>Approximate Hours</u>
Board of directors - no revenue recognized	122

### 10. Leases

The Center leases office equipment under a non-cancellable operating lease. The lease expires in 2023 with future minimum payments totaling \$954. The lease expense related to the office equipment totaled \$4,242 for the year ended December 31, 2022.

# The Parenting Center

## Notes to Financial Statements

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### 11. Liquidity and Availability of Resources

The Center's financial assets available for general expenditure within one year at December 31, 2022 are as follows:

Cash and cash equivalents	\$ 821,735
Investments	407,823
Accounts receivable	<u>810,176</u>
Total financial assets	2,039,734
Less amounts not available for general expenditure within one year, due to:	
Restricted in perpetuity	108,583
Donor-imposed restrictions	<u>136,696</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 1,794,455</u></u>

The Center is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Accordingly, financial assets may not be available for general expenditure within one year. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Center invests cash in excess of daily requirements in short-term investments. In the event of an unanticipated liquidity need, the Center also could draw upon \$50,000 of available line of credit (as further discussed in Note 8).

### 12. Employee Benefit Plan

The Center has a defined contribution - 401(k) savings plan for the benefit of its employees. Participants may defer a percentage of their compensation into the plan, up to certain limits allowed by the IRC. Participant contributions are 100% vested upon deferral. Eligible participants may receive discretionary matching employer contributions and/or discretionary annual contributions determined by the board of directors. Employer contributions vest 20% each year after two years of employment. Eligible participants, who are non-highly compensated employees, may also receive special discretionary contributions known as qualified non-elective employer contributions. Qualified non-elective employer contributions automatically vest 100%. For the year ended December 31, 2022, the Center's discretionary match was set at 5% of participant contributions. The Center's matching contributions for the year ended December 31, 2022 totaled approximately \$34,000.

## **The Parenting Center**

### **Notes to Financial Statements**

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#### **13. Contingencies**

The Center participates in federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. Management does not believe there are any significant contingent liabilities related to compliance with the rules and regulations governing the respective grants.

#### **14. Employee Retention Credit**

The Center was eligible to receive the Employee Retention Credit pursuant to the Coronavirus Aid, Relief and Economic Security Act of 2020 and recorded this income during the year ended December 31, 2021. When the Center received the credit payment during the year ended December 31, 2022, they were also paid interest on the credit totaling \$20,955, which has been included in the accompanying financial statements as non-operating income.

#### **15. Subsequent Events**

The Center evaluated subsequent events through the date the financial statements were available to be issued and concluded that no additional disclosures are required.

**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 of  
The Parenting Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Parenting Center (Center) (nonprofit organizations), which comprise the statement of financial position as of December 31, 2022, 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 July 14, 2023.

**Report on Internal Control over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

## Purpose of this Report

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



A Limited Liability Partnership  
Certified Public Accountants

Arlington, Texas  
August 11, 2023



# **Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors of  
The Parenting Center

## **Report on Compliance for Each Major Federal Program**

### **Opinion on Each Major Federal Program**

We have audited The Parenting Center's, (Center) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended December 31, 2022. Centers' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

### ***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Center's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Center internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over

compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Accordingly, this report is not suitable for any other purpose.



A Limited Liability Partnership

Arlington, Texas  
August 11, 2023

**The Parenting Center**  
**Schedule of Findings and Questioned Costs**

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**Section I – Summary of Auditors’ Results**

*Financial Statements*

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified?	None reported

Type of auditor’s report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No
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Identification of major federal programs:

ALN 93.086 Healthy Marriage Promotion and Responsible Fatherhood Grants

Dollar threshold used to distinguish between type A and B programs for federal awards:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Section IV – Prior Federal Award Findings and Questioned Costs**

None reported

**The Parenting Center**  
**Schedule of Expenditures of Federal Awards**

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<b>Federal Grantor/ Program Title</b>	<b>Assistance Listing #</b>	<b>Grant #</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Health and Human Services</b>			
<b>Direct funding:</b>			
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90ZB0025-02	\$ 1,083,458
	93.086	90ZB0025-03	302,658
	93.086	90ZD0017-02	397,757
	93.086	90ZD0017-03	118,224
	93.086	90AK0071-01	372,105
	93.086	90AK0071-02	82,089
			<hr/>
<b>Total expenditures of federal awards</b>			<b><u>\$ 2,356,291</u></b>

See notes to schedule of expenditures of federal awards.

# The Parenting Center

## Notes to Schedule of Expenditures of Federal Awards

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### **1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of The Parenting Center (Center) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Center.

### **2. Summary of Significant Accounting Policies**

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

The Center has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance and continues to use the cost allocation plan negotiated individually with its grantors.