

The Other Ones Foundation

Financial Statements

September 30, 2022 and 2021

The Other Ones Foundation

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Independent Auditors' Report

To the Board of Directors of
The Other Ones Foundation
Austin, Texas

Opinion

We have audited the accompanying financial statements of The Other Ones Foundation (the Foundation), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Foundation'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 Foundation'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* (Uniform Guidance), 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 June 29, 2023, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Atchley & Associates LLP

Austin, Texas
June 29, 2023

The Other Ones Foundation
 Statements of Financial Position
 September 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 156,461	\$ 266,593
Accounts receivable	847,004	243,043
Prepaid expenses	48,409	58,880
Other current assets	131	508
	1,052,005	569,024
Property and equipment, net	993,603	144,807
TOTAL ASSETS	\$ 2,045,608	\$ 713,831
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 218,700	\$ 34,172
Accrued liabilities	74,070	2,842
Other current liabilities	-	4,000
Current portion of notes payable	12,410	6,006
	305,180	47,020
Notes Payable, net of current portion	155,990	172,899
TOTAL LIABILITIES	461,170	219,919
Net Assets		
Without donor restrictions	1,584,438	493,912
With donor restrictions	-	-
TOTAL NET ASSETS	1,584,438	493,912
TOTAL LIABILITIES AND NET ASSETS	\$ 2,045,608	\$ 713,831

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

The Other Ones Foundation
Statement of Activities
For the Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total All Funds
PUBLIC SUPPORT AND REVENUE			
Contributions and public support	\$ 3,494,055	\$ -	\$ 3,494,055
Grant revenue	45,000	-	45,000
Contract revenue	6,429,857	-	6,429,857
Other revenue	128,991	-	128,991
	<u>10,097,903</u>	<u>-</u>	<u>10,097,903</u>
Total public support and revenue			
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>10,097,903</u>	<u>-</u>	<u>10,097,903</u>
EXPENSES			
Program services:			
Program expenses	<u>7,606,588</u>	<u>-</u>	<u>7,606,588</u>
Supporting services:			
Administrative	1,009,394	-	1,009,394
Fundraising	<u>391,395</u>	<u>-</u>	<u>391,395</u>
Total supporting services	<u>1,400,789</u>	<u>-</u>	<u>1,400,789</u>
TOTAL EXPENSES	<u>9,007,377</u>	<u>-</u>	<u>9,007,377</u>
CHANGE IN NET ASSETS	1,090,526	-	1,090,526
NET ASSETS - beginning of year	<u>493,912</u>	<u>-</u>	<u>493,912</u>
NET ASSETS - end of year	<u>\$ 1,584,438</u>	<u>\$ -</u>	<u>\$ 1,584,438</u>

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

The Other Ones Foundation
Statement of Activities
For the Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total All Funds
PUBLIC SUPPORT AND REVENUE			
Contributions and public support	\$ 1,563,586	\$ -	\$ 1,563,586
Grant revenue	33,000	-	33,000
Contract revenue	1,752,043	-	1,752,043
Other revenue	142,607	-	142,607
	<u>3,491,236</u>	<u>-</u>	<u>3,491,236</u>
Total public support and revenue			
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>3,491,236</u>	<u>-</u>	<u>3,491,236</u>
EXPENSES			
Program services:			
Program expenses	<u>2,461,638</u>	<u>-</u>	<u>2,461,638</u>
Supporting services:			
Administrative	645,189	-	645,189
Fundraising	<u>110,671</u>	<u>-</u>	<u>110,671</u>
Total supporting services	<u>755,860</u>	<u>-</u>	<u>755,860</u>
TOTAL EXPENSES	<u>3,217,498</u>	<u>-</u>	<u>3,217,498</u>
CHANGE IN NET ASSETS	273,738	-	273,738
NET ASSETS - beginning of year	<u>220,174</u>	<u>-</u>	<u>220,174</u>
NET ASSETS - end of year	<u>\$ 493,912</u>	<u>\$ -</u>	<u>\$ 493,912</u>

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

The Other Ones Foundation
Statement of Functional Expenses
For the Year Ended September 30, 2022

EXPENSES	Program Expenses	Administrative	Fundraising	Total
Contract labor	\$ 89,982	\$ 44,174	\$ 12,300	\$ 146,456
Depreciation	-	102,813	-	102,813
Direct client assistance	3,121,273	-	-	3,121,273
Dues and subscriptions	197,607	63,295	8,126	269,028
Fundraising	-	-	117,043	117,043
Insurance	27,512	31,449	-	58,961
Interest expense	-	7,165	-	7,165
Legal fees	21,975	48,382	-	70,357
Other miscellaneous fees	16,093	70,106	30,407	116,606
Payroll taxes & benefits	379,191	104,358	32,369	515,918
Postage	107	15	-	122
Rent & utilities	250,781	85,727	-	336,508
Repairs & maintenance	63,208	4,910	-	68,118
Salaries	3,053,407	242,279	190,771	3,486,457
Shelter, facility, & office	68,132	17,343	-	85,475
Supplies	206,253	13,632	-	219,885
Taxes & licenses	-	8,162	-	8,162
Telephone	22,721	45,168	-	67,889
Travel	88,346	120,416	379	209,141
 Total expenses	 <u>\$ 7,606,588</u>	 <u>\$ 1,009,394</u>	 <u>\$ 391,395</u>	 <u>\$ 9,007,377</u>

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

The Other Ones Foundation
Statement of Functional Expenses
For the Year Ended September 30, 2021

	Program Expenses	Administrative	Fundraising	Total
EXPENSES				
Contract labor	\$ 208,714	\$ 30,720	\$ -	\$ 239,434
Depreciation	73,978	-	-	73,978
Direct client assistance	869,356	-	-	869,356
Dues and subscriptions	35,446	8,861	-	44,307
Fundraising	-	-	58,374	58,374
Insurance	34,601	3,875	-	38,476
Interest expense	641	4,964	-	5,605
Legal fees	39,126	27,254	-	66,380
Other miscellaneous fees	-	10,659	17,636	28,295
Payroll taxes & benefits	72,879	66,030	3,122	142,031
Postage	-	185	-	185
Rent & utilities	139,045	-	-	139,045
Repairs & maintenance	77,920	-	-	77,920
Salaries	606,636	438,775	31,539	1,076,950
Shelter, facility, & office	93,452	19,751	-	113,203
Supplies	150,520	16,725	-	167,245
Taxes & licenses	-	2,503	-	2,503
Telephone	15,884	3,971	-	19,855
Travel	43,440	10,916	-	54,356
Total expenses	<u>\$ 2,461,638</u>	<u>\$ 645,189</u>	<u>\$ 110,671</u>	<u>\$ 3,217,498</u>

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

The Other Ones Foundation
Statements of Cash Flows
For the Year Ended September 30, 2022 and 2021

	2022	2021
OPERATING ACTIVITIES		
Change in net assets	\$ 1,090,526	\$ 273,738
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	102,813	73,978
Change in operating assets and liabilities -		
Accounts receivable	(603,961)	(140,323)
Prepaid expenses	10,471	(55,001)
Other current assets	377	(508)
Accounts payable	184,528	28,311
Accrued liabilities	71,228	(18,308)
Other current liabilities	(4,000)	4,000
Net cash flows from operating activities	851,982	165,887
INVESTING ACTIVITIES		
Purchases of property and equipment	(938,609)	(120,964)
Net cash flows from investing activities	(938,609)	(120,964)
FINANCING ACTIVITIES		
Proceeds from notes payable	-	30,750
Payments on notes payable	(23,505)	(1,845)
Net cash flows from investing activities	(23,505)	28,905
Net change in cash	(110,132)	73,828
Cash - beginning of year/period	266,593	192,765
Cash - end of year/period	\$ 156,461	\$ 266,593
Supplemental disclosure of cash flow information:		
Interest paid	\$ 7,165	\$ 5,605
Supplemental schedule of noncash operating activities		
Vehicle purchased with long-term debt	\$ 13,000	\$ -

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

The Other Ones Foundation
Notes to Financial Statements
September 30, 2022 and 2021

NOTE 1: NATURE OF ORGANIZATION

The Other Ones Foundation (the Foundation) is a nonprofit that provides extremely low-barrier employment, case management, and humanitarian aid to people experiencing homelessness in Austin, Texas.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

Financial Statement Presentation - The Foundation reports under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-For-Profit Organizations*. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired or been satisfied. All gifts, grants, and bequests are considered unrestricted unless specifically restricted by the donor.

Net assets with donor restrictions - Net assets that are subject to donor-imposed restrictions either for use during a specified time period or for a particular purpose.

Net Assets Released From Restrictions - When a donor-imposed restriction is fulfilled or when a time restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Cash and Cash Equivalents - The Foundation considers all cash and other highly liquid investments with maturity of three months or less when purchased to be cash and cash equivalents. Cash equivalents include money market accounts.

Accounts Receivable - Accounts receivable are promises to give due within one year. Accounts determined to be uncollectible are charged against an allowance for uncollectible accounts. At September 30, 2022 and 2021, the Foundation considered all receivables to be fully collectible; and therefore, an uncollectible account is not considered necessary.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment - Property and equipment are recorded at cost and depreciated over their estimated useful lives. Any donated items are recorded at the fair value. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the period. Maintenance and repairs are charged to expense as incurred, and significant renewals and betterments are capitalized. The Foundation has a policy of only capitalizing depreciable assets acquired of \$2,500 or greater. Depreciation is provided using the straight-line method over the estimated useful lives of the assets generally as follows:

Leasehold Improvements	39 years
Furniture and Fixtures	5 years
Equipment	2 years
Vehicles	2 years

Revenue Recognition - The Foundation recognizes contributions and grant revenue as revenue when received or unconditionally promised. Contributions are measured at the fair value of the assets or services received or promised. The fair value of contributions arising from unconditional promises to give cash or other assets in one or more future years is measured (discounted) using a risk-adjusted rate of return appropriate for the expected term of the promise to give. Such discounts are amortized between the date the promise to give is initially recognized and the date the actual cash is expected to be collected. Contract revenues are recognized as earned. Revenues are classified as restricted support if they are received with donor stipulations that limit the use of the contributions.

Functional Expenses - Directly identifiable expenses are classified as program services, fundraising, and administrative. Expenses related to more than one function are allocated to programs, fundraising, and administrative on the basis of management estimates. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. In-kind expenses, professional fees, bank charges, and software are allocated based on time and effort.

The Other Ones Foundation
Notes to Financial Statements
September 30, 2022 and 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Tax Status - The Internal Revenue Service has classified the Foundation as other than a private foundation, which is exempt from federal income taxes on its related purpose income under Section 501(c)(3) of the United States Internal Revenue Code. Consequently, no federal income taxes have been provided for in these financial statements.

The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the positions will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. As of September 30, 2022 and 2021, the Foundation has not recognized liabilities for uncertain tax positions or associated interest and penalties.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain 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. Accordingly, actual results could differ from those estimates.

Newly Adopted Accounting Pronouncements - In September 2020, FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is expected to increase transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Foundation adopted the ASU during the year ended September 30, 2022, and applied the ASU retrospectively to the year ended September 30, 2021. As of September 30, 2022, and 2021, the Foundation has no contributed nonfinancial assets.

Subsequent Events - Management of the Foundation has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued (see Note 8).

The Other Ones Foundation
Notes to Financial Statements
September 30, 2022 and 2021

NOTE 3: PROPERTY AND EQUIPMENT

As of September 30, 2022 and 2021, property and equipment consists of:

	2022	2021
Vehicles	\$ 198,468	\$ 128,210
Equipment	55,256	55,256
Furniture and Fixtures	14,059	14,059
Leasehold Improvements	48,709	6,010
Construction in Progress	870,146	31,494
	1,186,638	235,029
Accumulated depreciation	(193,035)	(90,222)
	\$ 993,603	\$ 144,807

NOTE 4: NOTES PAYABLE

The Foundation received funds totaling \$150,000 on August 29, 2021, under the Economic Injury Disaster Loan (EIDL) program. The note accrues interest at 2.75% with monthly payments of \$641 beginning on August 29, 2022, until maturity on August 29, 2050. The note is secured by all assets of the Foundation. At September 30, 2022 and 2021, the balances of the note was \$134,275 and \$150,000, respectively.

The Foundation entered into two promissory notes on May 31, 2021 and one promissory note on September 23, 2021, totaling \$43,750. The promissory notes are collateralized by certain vehicles, bear interest at 5.25%, and mature on September 23, 2026. At September 30, 2022 and 2021, the balances of the promissory notes were \$34,125 and \$28,905, respectively.

The expected future minimum principal payments on the notes payable as of September 30, 2022, are as follows:

<u>Year ending September 30,</u>	
2023	\$ 12,410
2024	13,008
2025	13,600
2026	11,959
2027	4,520
Thereafter	112,903
	\$ 168,400

The Other Ones Foundation
Notes to Financial Statements
September 30, 2022 and 2021

NOTE 5: LEASE COMMITMENTS

The Foundation has entered into non-cancelable operating leases for office buildings, property, and vehicles which have expirations to July 2026. Lease expense for the year ended September 30, 2022, and 2021, was \$303,669 and \$123,304, respectively.

As of September 30, 2022, minimum future lease payments are as follows:

<u>Year ending September 30,</u>	
2023	\$ 143,896
2024	158,061
2025	39,482
2026	12
2027	10
	<u>\$ 341,461</u>

NOTE 6: RELATED PARTY TRANSACTIONS

The Foundation has entered into a vehicle lease with an officer of the Foundation (see Note 5). During the year ended September 30, 2022, the Foundation paid approximately \$7,450 to the officer related to this vehicle lease.

NOTE 7: AVAILABLE RESOURCES AND LIQUIDITY

The following represent the Foundation's financial assets at September 30, 2022 and 2021, all of which are available to meet general expenditures over the next year:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 156,461	\$ 266,593
Accounts receivable	847,004	243,043
Total financial assets at year-end	<u>\$ 1,003,465</u>	<u>\$ 509,636</u>

In addition to financial assets available to meet general expenditures over the next year, the Foundation operates with a balanced budget that is frequently reviewed and analyzed and anticipates collecting sufficient revenues to cover general expenditures. The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and grant and contribution receivables, and most expenditures arise in relation to events and programs for which contributions are specifically received.

The Other Ones Foundation
Notes to Financial Statements
September 30, 2022 and 2021

NOTE 8: SUBSEQUENT EVENTS

The Foundation entered into a line of credit agreement with a financial institution on October 14, 2022 for \$750,000. The line of credit bears interest at the prime rate plus 1.25% and matures on October 14, 2023.

**FEDERAL
INFORMATION**



**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
The Other Ones Foundation
Austin, Texas

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 Other Ones Foundation (the Foundation), which comprise the statement of financial position as of September 30, 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 June 29, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the Foundation's financial statements are free of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Atchley & Associates LLP

Austin, Texas

June 29, 2023



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors of the
The Other Ones Foundation
Austin, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Other Ones Foundation (the Foundation) 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 Foundation's major federal programs for the year ended September 30, 2022. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation 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 Foundation'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 Foundation'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 Foundation'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 Foundation'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 Foundation'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 Foundation'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 Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described 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.

Atchley & Associates LLP

Austin, Texas
June 29, 2023

The Other Ones Foundation
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor Number	Expenditures	Pass through to Subrecipients
U.S. DEPARTMENT OF TREASURY				
Passed through the Texas Department of Housing and Community Affairs				
Emergency Rental Assistance Round 1	21.023	20210000031	\$ 4,091,371	\$ -
Emergency Rental Assistance Round 2	21.023	20220000039	709,169	-
Total U.S. Department of Treasury			<u>4,800,540</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 4,800,540</u>	<u>\$ -</u>

The Other Ones Foundation
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

NOTE 1: GENERAL

The accompanying schedule of expenditures of federal awards presents expenditures of all federal financial assistance programs that were in effect for the year ended September 30, 2022, for The Other Ones Foundation (the Foundation). The Foundation's reporting entity is defined in Note 2 of the basic financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting in accordance with generally accepted accounting principles as further described in Note 2 of the basic financial statements. Federal revenues are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received they are recorded as deferred revenue until earned.

NOTE 3: INDIRECT COST RATE

The Foundation have not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

The Other Ones Foundation
Schedule of Findings and Questioned Costs
Year Ended September 30, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified

Internal Control of financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ Yes X No

Identification of major program(s):

<u>AL Number</u>	<u>Name of Federal Program</u>
21.023	Emergency Rental Assistance Round 1

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes X No

The Other Ones Foundation
Schedule of Findings and Questioned Costs - Continued
Year Ended September 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

The Other Ones Foundation
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2022

None reported.