

**Epiphany Community Health  
Outreach Services, Inc.**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2021 and 2020

# Epiphany Community Health Outreach Services, Inc.

## Table of Contents

---

	Page
<b>Independent Auditors' Report</b>	1
<b>Financial Statements:</b>	
Statements of Financial Position as of December 31, 2021 and 2020	3
Statement of Activities for the year ended December 31, 2021	4
Statement of Activities for the year ended December 31, 2020	5
Statement of Functional Expenses for the year ended December 31, 2021	6
Statement of Functional Expenses for the year ended December 31, 2020	7
Statements of Cash Flows for the years ended December 31, 2021 and 2020	8
Notes to Financial Statements for the years ended December 31, 2021 and 2020	9

---

**Independent Auditors' Report**

To the Board of Directors of  
Epiphany Community Health Outreach Services, Inc.:

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

***Opinion***

We have audited the financial statements of Epiphany Community Health Outreach Services, Inc. (ECHOS), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ECHOS as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 ECHOS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ECHOS' ability to continue as a going concern for 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

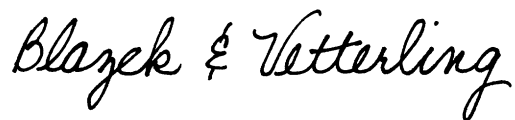
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ECHOS' 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 ECHOS' 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.

### **Report Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2022 on our consideration of ECHOS' 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 ECHOS' 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 ECHOS' internal control over financial reporting and compliance.



July 15, 2022

## Epiphany Community Health Outreach Services, Inc.

Statements of Financial Position as of December 31, 2021 and 2020

---

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 1,420,941	\$ 1,193,121
Contributions receivable (Note 7)	189,372	42,919
Prepaid and other assets	17,947	6,398
Property and equipment, net (Note 3)	<u>109,065</u>	<u>39,701</u>
TOTAL ASSETS	<u>\$ 1,737,325</u>	<u>\$ 1,282,139</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 44,259	\$ 6,170
Accrued payroll expenses	37,842	10,726
Paycheck Protection Program refundable advance	<u>                    </u>	<u>70,365</u>
Total liabilities	<u>82,101</u>	<u>87,261</u>
Contingencies (Note 5)		
Net assets:		
Without donor restrictions	1,234,954	760,369
With donor restrictions (Note 4)	<u>420,270</u>	<u>434,509</u>
Total net assets	<u>1,655,224</u>	<u>1,194,878</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,737,325</u>	<u>\$ 1,282,139</u>

*See accompanying notes to financial statements.*

---

## Epiphany Community Health Outreach Services, Inc.

Statement of Activities for the year ended December 31, 2021

---

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions (Note 7):			
Government grants (Notes 5 and 6)		\$ 953,039	\$ 953,039
Other financial	\$ 730,128	687,515	1,417,643
Other in-kind (Note 6)	283,147		283,147
Special events	50,558		50,558
Direct donor benefits	(5,111)		(5,111)
Other income	408		408
Total revenue	1,059,130	1,640,554	2,699,684
Net assets released from restrictions:			
Program expenditures	<u>1,654,793</u>	<u>(1,654,793)</u>	
Total	<u>2,713,923</u>	<u>(14,239)</u>	<u>2,699,684</u>
EXPENSES:			
Program services:			
Direct client services	1,576,179		1,576,179
Benefits application assistance	358,948		358,948
Other services	<u>65,671</u>		<u>65,671</u>
Total program services	2,000,798		2,000,798
Management and general	155,706		155,706
Fundraising	<u>82,834</u>		<u>82,834</u>
Total expenses	<u>2,239,338</u>		<u>2,239,338</u>
CHANGES IN NET ASSETS	474,585	(14,239)	460,346
Net assets, beginning of year	<u>760,369</u>	<u>434,509</u>	<u>1,194,878</u>
Net assets, end of year	<u>\$ 1,234,954</u>	<u>\$ 420,270</u>	<u>\$ 1,655,224</u>

*See accompanying notes to financial statements.*

---

## Epiphany Community Health Outreach Services, Inc.

Statement of Activities for the year ended December 31, 2020

---

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions (Note 7):			
Government grants (Notes 5 and 6)		\$ 506,104	\$ 506,104
Other financial	\$ 746,086	1,238,953	1,985,039
Other in-kind (Note 6)	302,124		302,124
Other income	<u>39,052</u>	<u>          </u>	<u>39,052</u>
Total revenue	1,087,262	1,745,057	2,832,319
Net assets released from restrictions:			
Program expenditures	<u>1,449,441</u>	<u>(1,449,441)</u>	<u>          </u>
Total	<u>2,536,703</u>	<u>295,616</u>	<u>2,832,319</u>
EXPENSES:			
Program services:			
Direct client services	1,651,533		1,651,533
Benefits application assistance	170,461		170,461
Other services	<u>30,975</u>	<u>          </u>	<u>30,975</u>
Total program services	1,852,969		1,852,969
Management and general	114,515		114,515
Fundraising	<u>43,204</u>	<u>          </u>	<u>43,204</u>
Total expenses	<u>2,010,688</u>	<u>          </u>	<u>2,010,688</u>
CHANGES IN NET ASSETS	526,015	295,616	821,631
Net assets, beginning of year	<u>234,354</u>	<u>138,893</u>	<u>373,247</u>
Net assets, end of year	<u>\$ 760,369</u>	<u>\$ 434,509</u>	<u>\$ 1,194,878</u>

*See accompanying notes to financial statements.*

---

## Epiphany Community Health Outreach Services, Inc.

### Statement of Functional Expenses for the year ended December 31, 2021

<u>EXPENSES</u>	<u>DIRECT CLIENT SERVICES</u>	<u>BENEFITS APPLICATION ASSISTANCE</u>	<u>OTHER SERVICES</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Direct assistance:							
In-kind food distributed	\$ 478,684			\$ 478,684			\$ 478,684
Other direct assistance	<u>686,961</u>		\$ 115	<u>687,076</u>			<u>687,076</u>
Total direct assistance	1,165,645		115	1,165,760			1,165,760
Salaries and related benefits	308,458	\$ 200,103	46,022	554,583	\$ 66,010	\$ 41,085	661,678
Professional services	31,425	81,762	2,939	116,126	70,204	10,901	197,231
Occupancy	53,621	17,186	3,784	74,591	5,520	3,586	83,697
Equipment and software	6,592	36,945	7,008	50,545	3,385	4,182	58,112
Printing, postage and supplies	3,455	7,462	402	11,319	674	10,485	22,478
Depreciation	4,047	6,438	1,417	11,902	2,068	1,322	15,292
Telephone and internet	1,231	5,100	432	6,763	629	402	7,794
Other	<u>1,705</u>	<u>3,952</u>	<u>3,552</u>	<u>9,209</u>	<u>7,216</u>	<u>10,871</u>	<u>27,296</u>
Total expenses	<u>\$ 1,576,179</u>	<u>\$ 358,948</u>	<u>\$ 65,671</u>	<u>\$ 2,000,798</u>	<u>\$ 155,706</u>	<u>\$ 82,834</u>	2,239,338
Direct donor benefits							<u>5,111</u>
Total							<u>\$ 2,244,449</u>

*See accompanying notes to financial statements.*



## Epiphany Community Health Outreach Services, Inc.

### Statement of Functional Expenses for the year ended December 31, 2020

<u>EXPENSES</u>	<u>DIRECT CLIENT SERVICES</u>	<u>BENEFITS APPLICATION ASSISTANCE</u>	<u>OTHER SERVICES</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Direct assistance:							
In-kind food distributed	\$ 678,793			\$ 678,793			\$ 678,793
Other direct assistance	<u>635,183</u>		\$ 476	<u>635,659</u>			<u>635,659</u>
Total direct assistance	1,313,976		476	1,314,452			1,314,452
Salaries and related benefits	228,609	\$ 121,962	18,774	369,345	\$ 43,063	\$ 19,099	431,507
Professional services	37,865	11,282	1,551	50,698	55,819	9,761	116,278
Occupancy	29,806	15,935	2,453	48,194	5,626	2,490	56,310
Equipment and software	19,471	13,088	5,464	38,023	1,723	3,492	43,238
Printing, postage and supplies	10,753	2,773	341	13,867	3,080	6,018	22,965
Depreciation	2,491	1,332	205	4,028	470	208	4,706
Telephone and internet	5,340	2,508	386	8,234	885	392	9,511
Other	<u>3,222</u>	<u>1,581</u>	<u>1,325</u>	<u>6,128</u>	<u>3,849</u>	<u>1,744</u>	<u>11,721</u>
Total expenses	<u>\$ 1,651,533</u>	<u>\$ 170,461</u>	<u>\$ 30,975</u>	<u>\$ 1,852,969</u>	<u>\$ 114,515</u>	<u>\$ 43,204</u>	<u>\$ 2,010,688</u>

*See accompanying notes to financial statements.*

## Epiphany Community Health Outreach Services, Inc.

Statements of Cash Flows for the years ended December 31, 2021 and 2020

---

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 460,346	\$ 821,631
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	15,292	4,706
Changes in operating assets and liabilities:		
Contributions receivable	(146,453)	(42,919)
Prepaid and other assets	(11,549)	15,102
Accounts payable and accrued payroll expenses	65,205	3,674
Paycheck Protection Program refundable advance	(70,365)	70,365
Other refundable advance	<u>                    </u>	<u>(20,343)</u>
Net cash provided by operating activities	<u>312,476</u>	<u>852,216</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(84,656)</u>	<u>(26,181)</u>
NET CHANGE IN CASH	227,820	826,035
Cash, beginning of year	<u>1,193,121</u>	<u>367,086</u>
Cash, end of year	<u>\$ 1,420,941</u>	<u>\$ 1,193,121</u>

*See accompanying notes to financial statements.*

---

## Epiphany Community Health Outreach Services, Inc.

Notes to Financial Statements for the years ended December 31, 2021 and 2020

---

### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Epiphany Community Health Outreach Services, Inc. (ECHOS) was formed on April 2, 2001 as a Texas nonprofit corporation and is an institution of the Episcopal Diocese of Texas. In response to the health and social service needs of the rapidly increasing population of newly arrived immigrants and refugees who were being resettled in the community surrounding the Episcopal Church of the Epiphany (the Church), the parishioners of the Church established ECHOS to help families meet their basic needs on their path to self-sufficiency, while addressing the social determinants of health. ECHOS' mission is to serve people in need by providing access to the health and social resources that can improve their lives.

ECHOS programming includes benefits application assistance, which helps families access healthcare services and benefits coverage by assisting families in submitting applications to various state and county medical and social service agencies. Direct client services include:

- Financial assistance provided to eligible clients with unmet rent and utility needs, grocery store food vouchers/gift cards, and disaster relief such as COVID-19 and Winter Storm Uri assistance.
- ECHOS' food pantry continues to provide non-perishable food to an increasing number of people who are impoverished and in need of assistance.
- ECHOS also partners directly with various healthcare providers to provide central and safe health services to its clients utilizing mobile vans for services such as dental, mammograms, vision screenings, and immunizations.

Federal income tax status – ECHOS is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a religious organization under §170(b)(i)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

Cash – At times, demand deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows. At December 31, 2021, \$164,372 of contributions receivable are due to be paid in 2022, and \$25,000 is due to be paid in 2023.

Property and equipment is reported at cost if purchased or at fair value at the date of gift if donated. Generally, acquisitions of property and equipment in excess of \$7,500 are capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 10 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Grants and contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional grants and contributions are subject to one or more barriers that must be overcome before the organization is entitled to receive or retain funding. Conditional grants and contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions have been met is reported as grant refundable advances. A portion of ECHOS' contribution revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when ECHOS has incurred expenditures in compliance with specific contract or grant provisions. Conditional cost-reimbursable grants of approximately \$158,000 have not been recognized at December 31, 2021, because qualifying expenditures have not been incurred and/or performance requirements have not been met.

In-kind contributions – Contributed materials, services and use of facilities are recognized as contributions at fair value when an unconditional commitment is received from the donor. The related expense is recognized as contributed materials, services and facilities are used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recognized in the financial statements because the donated services did not meet the criteria for recognition under generally accepted accounting principles.

Special events revenue is the total amount paid by sponsors and attendees of an event and include elements of both contributions and exchange transactions. Special events revenue is recognized when an unconditional commitment is received from the donor. Direct donor benefits represent the cost of goods and services provided to attendees of the special events.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Shared overhead costs including depreciation, occupancy, telephone and internet, equipment and software, are allocated based on time allocations.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Reclassification – Government grant contributions, including in-kind government grant food contributions, have been reclassified as *with donor restrictions* and released in the statement of activities for the year ended December 31, 2020 to agree with the current year presentation. The change in net assets for 2020 was not impacted by the reclassification.

Recent financial accounting pronouncements – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. ECHOS is required to adopt this ASU for fiscal year 2022. Upon adoption, management expects to recognize lease commitments as both a right of use asset and a lease liability in the statement of financial position for commitments that are currently only disclosed in the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profit entities, including additional disclosure requirements for recognized contributed services. This ASU is effective for fiscal year ending December 31, 2022 and will be applied on a retrospective basis.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise of the following:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 1,420,941	\$ 1,193,121
Contributions receivable	<u>189,372</u>	<u>42,919</u>
Total financial assets	1,610,313	1,236,040
Less:		
Contributions receivable not available until 2023	<u>(25,000)</u>	<u>          </u>
Total financial assets available for general expenditure	<u>\$ 1,585,313</u>	<u>\$ 1,236,040</u>

For purposes of analyzing resources available to meet general expenditure over a 12-month period, ECHOS considers all expenditures related to its ongoing activities of connecting people in need with health, social, and educational resources, as well as the conduct of services undertaken to support those activities, to be general expenditures. ECHOS expects to fund the remainder of the next year's general expenditures with future contributions and grants.

## NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 80,388	\$ 70,729
Furniture and fixtures	24,830	19,068
Leasehold improvements	<u>95,418</u>	<u>26,182</u>
Total property and equipment, at cost	200,636	115,979
Accumulated depreciation	<u>(91,571)</u>	<u>(76,278)</u>
Property and equipment, net	<u>\$ 109,065</u>	<u>\$ 39,701</u>

#### NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2021</u>	<u>2020</u>
Future periods	\$ 100,000	
Other direct assistance	97,331	\$ 46,923
Capacity building	67,500	
Benefits application assistance	61,627	158,413
Education and outreach	50,833	
COVID-19 direct assistance	27,979	228,752
Domestic violence	15,000	
Dental mobile unit		<u>421</u>
Total net assets with donor restrictions	<u>\$ 420,270</u>	<u>\$ 434,509</u>

#### NOTE 5 – GOVERNMENT GRANT CONTRIBUTIONS

ECHOS is a party to contracts with federal agencies. Should these contracts not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Sources of government grants recognized at December 31 include the following:

	<u>2021</u>	<u>2020</u>
U. S. Department of Housing and Urban Development	\$ 455,788	\$ 31,719
U. S. Department of Agriculture (food commodities)	184,994	286,291
U. S. Department of Homeland Security	137,258	57,646
U. S. Department of Homeland Security (food commodities)	81,733	130,448
U. S. Small Business Administration (Paycheck Protection Program)	70,365	
U. S. Health and Human Services	<u>22,901</u>	
Total government grants	<u>\$ 953,039</u>	<u>\$ 506,104</u>

Grants from federal, state, and local funding sources require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by ECHOS with the terms of the contracts. Management believes such disallowances, if any, would not be material to ECHOS' financial position or changes in net assets.

#### NOTE 6 – IN-KIND CONTRIBUTIONS

A substantial portion of the in-kind contributions received by ECHOS are food through an agreement with The Houston Food Bank. Food commodities are valued based on an estimate as provided by the most recent Feeding America Product Valuation Survey. ECHOS received approximately \$267,000 and \$417,000 in federally funded food commodities in 2021 and 2020, respectively, as reported in Note 5. Non-governmental sources of in-kind contributions recognized at December 31 include the following:

	<u>2021</u>	<u>2020</u>
Food for distribution	\$ 211,597	\$ 262,054
Office space provided by the Church	59,400	30,720
Other	<u>12,150</u>	<u>9,350</u>
Total non-governmental in-kind contributions	<u>\$ 283,147</u>	<u>\$ 302,124</u>

**NOTE 7 – CONCENTRATIONS**

Contributions receivable of approximately 52% are from one donor at December 31, 2021. Approximately 73% of contributions for the year ended December 31, 2021 were from five donors. Approximately 62% of contributions for the year ended December 31, 2020 were from four donors.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 15, 2022, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

---

**Epiphany Community Health  
Outreach Services, Inc.**

Financial Statements  
and Single Audit Reports  
for the year ended December 31, 2021



# Epiphany Community Health Outreach Services, Inc.

## Table of Contents

---

	Page
<b>Independent Auditors' Report</b>	1
<b>Financial Statements:</b>	
Statements of Financial Position as of December 31, 2021 and 2020	3
Statement of Activities for the year ended December 31, 2021	4
Statement of Activities for the year ended December 31, 2020	5
Statement of Functional Expenses for the year ended December 31, 2021	6
Statement of Functional Expenses for the year ended December 31, 2020	7
Statements of Cash Flows for the years ended December 31, 2021 and 2020	8
Notes to Financial Statements for the years ended December 31, 2021 and 2020	9
<b>Supplementary Information:</b>	
Schedule of Expenditures of Federal Awards for the year ended December 31, 2021	14
Notes to Schedule of Expenditures of Federal Awards for the year ended December 31, 2021	16
<b>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 <i>Government Auditing Standards</i></b>	17
<b>Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance</b>	19
Schedule of Findings and Questioned Costs for the year ended December 31, 2021	22

---

## Independent Auditors' Report

To the Board of Directors of  
Epiphany Community Health Outreach Services, Inc.:

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Epiphany Community Health Outreach Services, Inc. (ECHOS), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ECHOS as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 ECHOS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ECHOS' ability to continue as a going concern for 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ECHOS' 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 ECHOS' 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 supplementary information included in the schedule of expenditures of federal awards for the year ended December 31, 2021 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. 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.

### **Report Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2022 on our consideration of ECHOS' 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 ECHOS' 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 ECHOS' internal control over financial reporting and compliance.

*Blazek & Vetterling*

July 15, 2022

## Epiphany Community Health Outreach Services, Inc.

Statements of Financial Position as of December 31, 2021 and 2020

---

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 1,420,941	\$ 1,193,121
Contributions receivable ( <i>Note 7</i> )	189,372	42,919
Prepaid and other assets	17,947	6,398
Property and equipment, net ( <i>Note 3</i> )	<u>109,065</u>	<u>39,701</u>
TOTAL ASSETS	<u>\$ 1,737,325</u>	<u>\$ 1,282,139</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 44,259	\$ 6,170
Accrued payroll expenses	37,842	10,726
Paycheck Protection Program refundable advance	<u>                    </u>	<u>70,365</u>
Total liabilities	<u>82,101</u>	<u>87,261</u>
Contingencies ( <i>Note 5</i> )		
Net assets:		
Without donor restrictions	1,234,954	760,369
With donor restrictions ( <i>Note 4</i> )	<u>420,270</u>	<u>434,509</u>
Total net assets	<u>1,655,224</u>	<u>1,194,878</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,737,325</u>	<u>\$ 1,282,139</u>

*See accompanying notes to financial statements.*

---

## Epiphany Community Health Outreach Services, Inc.

Statement of Activities for the year ended December 31, 2021

---

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions (Note 7):			
Government grants (Notes 5 and 6)		\$ 953,039	\$ 953,039
Other financial	\$ 730,128	687,515	1,417,643
Other in-kind (Note 6)	283,147		283,147
Special events	50,558		50,558
Direct donor benefits	(5,111)		(5,111)
Other income	408		408
Total revenue	1,059,130	1,640,554	2,699,684
Net assets released from restrictions:			
Program expenditures	<u>1,654,793</u>	<u>(1,654,793)</u>	
Total	<u>2,713,923</u>	<u>(14,239)</u>	<u>2,699,684</u>
EXPENSES:			
Program services:			
Direct client services	1,576,179		1,576,179
Benefits application assistance	358,948		358,948
Other services	<u>65,671</u>		<u>65,671</u>
Total program services	2,000,798		2,000,798
Management and general	155,706		155,706
Fundraising	<u>82,834</u>		<u>82,834</u>
Total expenses	<u>2,239,338</u>		<u>2,239,338</u>
CHANGES IN NET ASSETS	474,585	(14,239)	460,346
Net assets, beginning of year	<u>760,369</u>	<u>434,509</u>	<u>1,194,878</u>
Net assets, end of year	<u>\$ 1,234,954</u>	<u>\$ 420,270</u>	<u>\$ 1,655,224</u>

*See accompanying notes to financial statements.*

---

## Epiphany Community Health Outreach Services, Inc.

Statement of Activities for the year ended December 31, 2020

---

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions (Note 7):			
Government grants (Notes 5 and 6)		\$ 506,104	\$ 506,104
Other financial	\$ 746,086	1,238,953	1,985,039
Other in-kind (Note 6)	302,124		302,124
Other income	<u>39,052</u>	<u>                    </u>	<u>39,052</u>
Total revenue	1,087,262	1,745,057	2,832,319
Net assets released from restrictions:			
Program expenditures	<u>1,449,441</u>	<u>(1,449,441)</u>	<u>                    </u>
Total	<u>2,536,703</u>	<u>295,616</u>	<u>2,832,319</u>
EXPENSES:			
Program services:			
Direct client services	1,651,533		1,651,533
Benefits application assistance	170,461		170,461
Other services	<u>30,975</u>	<u>                    </u>	<u>30,975</u>
Total program services	1,852,969		1,852,969
Management and general	114,515		114,515
Fundraising	<u>43,204</u>	<u>                    </u>	<u>43,204</u>
Total expenses	<u>2,010,688</u>	<u>                    </u>	<u>2,010,688</u>
CHANGES IN NET ASSETS	526,015	295,616	821,631
Net assets, beginning of year	<u>234,354</u>	<u>138,893</u>	<u>373,247</u>
Net assets, end of year	<u>\$ 760,369</u>	<u>\$ 434,509</u>	<u>\$ 1,194,878</u>

*See accompanying notes to financial statements.*

---

## Epiphany Community Health Outreach Services, Inc.

### Statement of Functional Expenses for the year ended December 31, 2021

<u>EXPENSES</u>	<u>DIRECT CLIENT SERVICES</u>	<u>BENEFITS APPLICATION ASSISTANCE</u>	<u>OTHER SERVICES</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Direct assistance:							
In-kind food distributed	\$ 478,684			\$ 478,684			\$ 478,684
Other direct assistance	<u>686,961</u>		\$ 115	<u>687,076</u>			<u>687,076</u>
Total direct assistance	1,165,645		115	1,165,760			1,165,760
Salaries and related benefits	308,458	\$ 200,103	46,022	554,583	\$ 66,010	\$ 41,085	661,678
Professional services	31,425	81,762	2,939	116,126	70,204	10,901	197,231
Occupancy	53,621	17,186	3,784	74,591	5,520	3,586	83,697
Equipment and software	6,592	36,945	7,008	50,545	3,385	4,182	58,112
Printing, postage and supplies	3,455	7,462	402	11,319	674	10,485	22,478
Depreciation	4,047	6,438	1,417	11,902	2,068	1,322	15,292
Telephone and internet	1,231	5,100	432	6,763	629	402	7,794
Other	<u>1,705</u>	<u>3,952</u>	<u>3,552</u>	<u>9,209</u>	<u>7,216</u>	<u>10,871</u>	<u>27,296</u>
Total expenses	<u>\$ 1,576,179</u>	<u>\$ 358,948</u>	<u>\$ 65,671</u>	<u>\$ 2,000,798</u>	<u>\$ 155,706</u>	<u>\$ 82,834</u>	2,239,338
Direct donor benefits							<u>5,111</u>
Total							<u>\$ 2,244,449</u>

*See accompanying notes to financial statements.*

## Epiphany Community Health Outreach Services, Inc.

### Statement of Functional Expenses for the year ended December 31, 2020

<u>EXPENSES</u>	<u>DIRECT CLIENT SERVICES</u>	<u>BENEFITS APPLICATION ASSISTANCE</u>	<u>OTHER SERVICES</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Direct assistance:							
In-kind food distributed	\$ 678,793			\$ 678,793			\$ 678,793
Other direct assistance	<u>635,183</u>		\$ 476	<u>635,659</u>			<u>635,659</u>
Total direct assistance	1,313,976		476	1,314,452			1,314,452
Salaries and related benefits	228,609	\$ 121,962	18,774	369,345	\$ 43,063	\$ 19,099	431,507
Professional services	37,865	11,282	1,551	50,698	55,819	9,761	116,278
Occupancy	29,806	15,935	2,453	48,194	5,626	2,490	56,310
Equipment and software	19,471	13,088	5,464	38,023	1,723	3,492	43,238
Printing, postage and supplies	10,753	2,773	341	13,867	3,080	6,018	22,965
Depreciation	2,491	1,332	205	4,028	470	208	4,706
Telephone and internet	5,340	2,508	386	8,234	885	392	9,511
Other	<u>3,222</u>	<u>1,581</u>	<u>1,325</u>	<u>6,128</u>	<u>3,849</u>	<u>1,744</u>	<u>11,721</u>
Total expenses	<u>\$ 1,651,533</u>	<u>\$ 170,461</u>	<u>\$ 30,975</u>	<u>\$ 1,852,969</u>	<u>\$ 114,515</u>	<u>\$ 43,204</u>	<u>\$ 2,010,688</u>

*See accompanying notes to financial statements.*



## Epiphany Community Health Outreach Services, Inc.

Statements of Cash Flows for the years ended December 31, 2021 and 2020

---

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 460,346	\$ 821,631
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	15,292	4,706
Changes in operating assets and liabilities:		
Contributions receivable	(146,453)	(42,919)
Prepaid and other assets	(11,549)	15,102
Accounts payable and accrued payroll expenses	65,205	3,674
Paycheck Protection Program refundable advance	(70,365)	70,365
Other refundable advance	<u>                    </u>	<u>(20,343)</u>
Net cash provided by operating activities	<u>312,476</u>	<u>852,216</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(84,656)</u>	<u>(26,181)</u>
NET CHANGE IN CASH	227,820	826,035
Cash, beginning of year	<u>1,193,121</u>	<u>367,086</u>
Cash, end of year	<u>\$ 1,420,941</u>	<u>\$ 1,193,121</u>

*See accompanying notes to financial statements.*

---

## Epiphany Community Health Outreach Services, Inc.

Notes to Financial Statements for the years ended December 31, 2021 and 2020

---

### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Epiphany Community Health Outreach Services, Inc. (ECHOS) was formed on April 2, 2001 as a Texas nonprofit corporation and is an institution of the Episcopal Diocese of Texas. In response to the health and social service needs of the rapidly increasing population of newly arrived immigrants and refugees who were being resettled in the community surrounding the Episcopal Church of the Epiphany (the Church), the parishioners of the Church established ECHOS to help families meet their basic needs on their path to self-sufficiency, while addressing the social determinants of health. ECHOS' mission is to serve people in need by providing access to the health and social resources that can improve their lives.

ECHOS programming includes benefits application assistance, which helps families access healthcare services and benefits coverage by assisting families in submitting applications to various state and county medical and social service agencies. Direct client services include:

- Financial assistance provided to eligible clients with unmet rent and utility needs, grocery store food vouchers/gift cards, and disaster relief such as COVID-19 and Winter Storm Uri assistance.
- ECHOS' food pantry continues to provide non-perishable food to an increasing number of people who are impoverished and in need of assistance.
- ECHOS also partners directly with various healthcare providers to provide central and safe health services to its clients utilizing mobile vans for services such as dental, mammograms, vision screenings, and immunizations.

Federal income tax status – ECHOS is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a religious organization under §170(b)(i)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America.

Cash – At times, demand deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows. At December 31, 2021, \$164,372 of contributions receivable are due to be paid in 2022, and \$25,000 is due to be paid in 2023.

Property and equipment is reported at cost if purchased or at fair value at the date of gift if donated. Generally, acquisitions of property and equipment in excess of \$7,500 are capitalized. Depreciation is provided using the straight-line method over estimated useful lives of 5 to 10 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Grants and contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional grants and contributions are subject to one or more barriers that must be overcome before the organization is entitled to receive or retain funding. Conditional grants and contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions have been met is reported as grant refundable advances. A portion of ECHOS' contribution revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when ECHOS has incurred expenditures in compliance with specific contract or grant provisions. Conditional cost-reimbursable grants of approximately \$158,000 have not been recognized at December 31, 2021, because qualifying expenditures have not been incurred and/or performance requirements have not been met.

In-kind contributions – Contributed materials, services and use of facilities are recognized as contributions at fair value when an unconditional commitment is received from the donor. The related expense is recognized as contributed materials, services and facilities are used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recognized in the financial statements because the donated services did not meet the criteria for recognition under generally accepted accounting principles.

Special events revenue is the total amount paid by sponsors and attendees of an event and include elements of both contributions and exchange transactions. Special events revenue is recognized when an unconditional commitment is received from the donor. Direct donor benefits represent the cost of goods and services provided to attendees of the special events.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Shared overhead costs including depreciation, occupancy, telephone and internet, equipment and software, are allocated based on time allocations.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Reclassification – Government grant contributions, including in-kind government grant food contributions, have been reclassified as *with donor restrictions* and released in the statement of activities for the year ended December 31, 2020 to agree with the current year presentation. The change in net assets for 2020 was not impacted by the reclassification.

Recent financial accounting pronouncements – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. ECHOS is required to adopt this ASU for fiscal year 2022. Upon adoption, management expects to recognize lease commitments as both a right of use asset and a lease liability in the statement of financial position for commitments that are currently only disclosed in the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profit entities, including additional disclosure requirements for recognized contributed services. This ASU is effective for fiscal year ending December 31, 2022 and will be applied on a retrospective basis.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise of the following:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 1,420,941	\$ 1,193,121
Contributions receivable	<u>189,372</u>	<u>42,919</u>
Total financial assets	1,610,313	1,236,040
Less:		
Contributions receivable not available until 2023	<u>(25,000)</u>	<u>          </u>
Total financial assets available for general expenditure	<u>\$ 1,585,313</u>	<u>\$ 1,236,040</u>

For purposes of analyzing resources available to meet general expenditure over a 12-month period, ECHOS considers all expenditures related to its ongoing activities of connecting people in need with health, social, and educational resources, as well as the conduct of services undertaken to support those activities, to be general expenditures. ECHOS expects to fund the remainder of the next year's general expenditures with future contributions and grants.

## NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 80,388	\$ 70,729
Furniture and fixtures	24,830	19,068
Leasehold improvements	<u>95,418</u>	<u>26,182</u>
Total property and equipment, at cost	200,636	115,979
Accumulated depreciation	<u>(91,571)</u>	<u>(76,278)</u>
Property and equipment, net	<u>\$ 109,065</u>	<u>\$ 39,701</u>

**NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted as follows:

	<u>2021</u>	<u>2020</u>
Future periods	\$ 100,000	
Other direct assistance	97,331	\$ 46,923
Capacity building	67,500	
Benefits application assistance	61,627	158,413
Education and outreach	50,833	
COVID-19 direct assistance	27,979	228,752
Domestic violence	15,000	
Dental mobile unit		<u>421</u>
Total net assets with donor restrictions	<u>\$ 420,270</u>	<u>\$ 434,509</u>

**NOTE 5 – GOVERNMENT GRANT CONTRIBUTIONS**

ECHOS is a party to contracts with federal agencies. Should these contracts not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Sources of government grants recognized at December 31 include the following:

	<u>2021</u>	<u>2020</u>
U. S. Department of Housing and Urban Development	\$ 455,788	\$ 31,719
U. S. Department of Agriculture (food commodities)	184,994	286,291
U. S. Department of Homeland Security	137,258	57,646
U. S. Department of Homeland Security (food commodities)	81,733	130,448
U. S. Small Business Administration (Paycheck Protection Program)	70,365	
U. S. Health and Human Services	<u>22,901</u>	
Total government grants	<u>\$ 953,039</u>	<u>\$ 506,104</u>

Grants from federal, state, and local funding sources require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by ECHOS with the terms of the contracts. Management believes such disallowances, if any, would not be material to ECHOS’ financial position or changes in net assets.

**NOTE 6 – IN-KIND CONTRIBUTIONS**

A substantial portion of the in-kind contributions received by ECHOS are food through an agreement with The Houston Food Bank. Food commodities are valued based on an estimate as provided by the most recent Feeding America Product Valuation Survey. ECHOS received approximately \$267,000 and \$417,000 in federally funded food commodities in 2021 and 2020, respectively, as reported in Note 5. Non-governmental sources of in-kind contributions recognized at December 31 include the following:

	<u>2021</u>	<u>2020</u>
Food for distribution	\$ 211,597	\$ 262,054
Office space provided by the Church	59,400	30,720
Other	<u>12,150</u>	<u>9,350</u>
Total non-governmental in-kind contributions	<u>\$ 283,147</u>	<u>\$ 302,124</u>

**NOTE 7 – CONCENTRATIONS**

Contributions receivable of approximately 52% are from one donor at December 31, 2021. Approximately 73% of contributions for the year ended December 31, 2021 were from five donors. Approximately 62% of contributions for the year ended December 31, 2020 were from four donors.

**NOTE 8 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 15, 2022, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

---

# Epiphany Community Health Outreach Services, Inc.

## Schedule of Expenditures of Federal Awards for the year ended December 31, 2021

<u>GRANTOR</u>	Assistance				
<u>Pass-through Grantor</u>	Listing		Contract	Award	Federal
<u>Program Title &amp; Period</u>	<u>Number</u>		<u>Number</u>	<u>Amount</u>	<u>Expenditures</u>
U. S. DEPARTMENT OF AGRICULTURE					
Passed through The Houston Food Bank:					
Emergency Food Assistance Program – Food Commodities					
(Food Distribution Cluster) (Note 2)					
#1	01/01/21 – 12/31/21	10.569	10831	N/A	\$ <u>184,994</u>
Total U. S. Department of Agriculture					<u>184,994</u>
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed through Alliance of Community Assistance Ministries, Inc.:					
COVID-19 Emergency Solutions Grant Program					
#2	11/01/20 – 07/31/21	14.231	ESG 9 CARES	\$94,143	80,228
#3	02/01/21 – 03/31/22	14.231	ESG 12 CARES-2021-22	\$311,250	249,365
Emergency Solutions Grant Program					
#4	11/01/20 – 10/31/21	14.231	ESG 11-2020-21	\$144,000	<u>126,195</u>
Total U. S. Department of Housing and Urban Development					<u>455,788</u>
U. S. DEPARTMENT OF TREASURY					
Passed through Alliance of Community Assistance Ministries, Inc.:					
Emergency Rental Assistance Program					
#5	10/01/21 – 06/30/22	21.023	HHS-ERA	\$117,570	<u>22,901</u>
Total U. S. Department of Treasury					<u>22,901</u>
U. S. DEPARTMENT OF HOMELAND SECURITY					
Passed through Alliance of Community Assistance Ministries, Inc.:					
Emergency Food and Shelter National Board Program					
#6	01/01/20 – 10/31/21	97.024	LRO 782800-088-Phase 37	\$43,440	11,837
#7	01/01/20 – 10/31/21	97.024	LRO 782800-088-Phase 38	\$98,281	97,968
#8	11/01/21 – 04/23/22	97.024	LRO 782800-088-Phase 39	\$232,698	6,260

(continued)

**Epiphany Community Health Outreach Services, Inc.**

Schedule of Expenditures of Federal Awards for the year ended December 31, 2021 *(continued)*

<u>GRANTOR</u>	<u>Assistance</u>	<u>Contract</u>	<u>Award</u>	<u>Federal</u>	
<u>Pass-through Grantor</u>	<u>Listing</u>	<u>Number</u>	<u>Amount</u>	<u>Expenditures</u>	
<u>Program Title &amp; Period</u>	<u>Number</u>	<u>Number</u>			
U. S. DEPARTMENT OF HOMELAND SECURITY <i>(continued)</i>					
Passed through Alliance of Community Assistance Ministries, Inc.:					
COVID-19 Emergency Food and Shelter National Board Program					
#9	01/27/20 – 10/31/21	97.024	LRO 782800-088-Phase CARES	\$26,893	<u>21,193</u>
	Subtotal				<u>137,258</u>
Passed through The Houston Food Bank:					
Emergency Food and Shelter National Board Program-Food Commodities <i>(Note 2)</i>					
#10	01/01/21 – 12/31/21	97.024	10831	N/A	<u>81,733</u>
Total U. S. Department of Homeland Security					<u>218,991</u>
TOTAL FEDERAL AWARDS					<u>\$ 882,674</u>

*See accompanying notes to schedule of expenditures of federal awards.*



## **Epiphany Community Health Outreach Services, Inc.**

Notes to Schedule of Expenditures of Federal Awards for the year ended December 31, 2021

---

### **NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation – The schedule of expenditures of federal awards is prepared 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Federal expenses include allowable expenses funded by federal grants. Allowable costs are subject to the cost principles of the Uniform Guidance, and include both costs that are capitalized and costs that are recognized as expenses in ECHOS' financial statements in conformity with generally accepted accounting principles. ECHOS does not charge indirect costs to its federal grants and does not have any subrecipients.

Because the schedule presents only a selected portion of the operations of ECHOS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of ECHOS.

### **NOTE 2 – FOOD COMMODITIES**

Food commodities are expended when distributed. Distributed food is reported in the schedule of expenditures of federal awards as federal expenditures and is valued at the weighted-average wholesale value of one pound of donated product based on the regional per pound price as provided by The Houston Food Bank (\$1.74 in 2021). At December 31, 2021, all government fund food commodities had been distributed and there is no inventory on hand.

---

## **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  
Epiphany Community Health Outreach Services, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Epiphany Community Health Outreach Services, Inc. (ECHOS), which comprise the the statement of financial position and the related statements of activities, of functional expenses, and of cash flows as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated July 15, 2022.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered ECHOS' 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 ECHOS' internal control. Accordingly, we do not express an opinion on the effectiveness of ECHOS' 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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

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

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

*Blazek & Vetterling*

July 15, 2022

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

To the Board of Directors of  
Epiphany Community Health Outreach Services, Inc.:

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

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

We have audited Epiphany Community Health Outreach Services, Inc.'s (ECHOS), 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 ECHOS' major federal program for the year ended December 31, 2021. ECHOS' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, ECHOS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ECHOS' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ECHOS' 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 ECHOS' 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.

*Blazek & Vetterling*

July 15, 2022

# Epiphany Community Health Outreach Services, Inc.

## Schedule of Findings and Questioned Costs for the year ended

---

### Section I – Summary of Auditors’ Results

#### Financial Statements

Type of auditors’ report issued:  unmodified  qualified  adverse  disclaimer

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to the financial statements noted?  yes  no

#### Federal Awards

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditors’ report issued on compliance for major programs:  unmodified  qualified  adverse  disclaimer

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?  yes  no

Identification of major programs:

Assistance

Listing Number                      Name of Federal Program or Cluster

14.231                      Emergency Solutions Grant Program

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

Auditee qualified as a low-risk auditee?  yes  no

### Section II – Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

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

There were no findings for federal awards required to be reported in accordance with 2 CFR §200.516(a).