THE CONCILIO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Concilio
Dallas, Texas

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Concilio (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Concilio's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement 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 Concilio'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt abouts The Concilio'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* 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 schedule of expenditures of federal awards 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 July 11, 2023 on our consideration of The Concilio'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 Concilio'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 Concilio's internal control over financial reporting and compliance.

Golden, Redd & Company, LLC

Dallas, Texas
July 21, 2023

THE CONCILIO
STATEMENT OF FINANCIAL POSITION
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash	$ 1,451,824	$ 1,264,352
Pledges, grants and accounts receivable	368,023	877,100
Prepaid expenses	47,171	49,915
Total current assets	1,867,018	2,191,367
Property and equipment, net	106,408	127,417
Other Assets		
Right of use assets	666,416	-
Total assets	$ 2,639,842	$ 2,318,784
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 267,186	$ 208,698
Paycheck Protection Program Loan	-	230,685
Current portion of lease liability	91,759	-
Deferred revenue	92,598	-
Deferred rent	74,639	74,242
Total current liabilities	526,182	513,625
Long-term liabilities		
Lease liability - net of current portion	574,657	-
Total liabilities	1,100,839	513,625
Net assets:		
Without donor restrictions	805,921	595,559
With donor restrictions	733,082	1,209,600
Total net assets	1,539,003	1,805,159
Total liabilities and net assets	$ 2,639,842	$ 2,318,784

See accompanying notes.

THE CONCILIO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Grants	$ 306,295	$ 1,426,750	$ 1,733,045
Contributions	496,611	-	496,611
Program service fees	2,163,501	-	2,163,501
In-kind contributions	15,717	-	15,717
Special event income	52,410	-	52,410
Loss on asset disposal	(11,938)	-	(11,938)
Net assets released from restrictions	1,903,268	(1,903,268)	-
Total revenue and support	4,925,864	(476,518)	4,449,346
Expenses:			
Program services	4,408,142	-	4,408,142
General and administrative	208,148	-	208,148
Fundraising	99,212	-	99,212
Total expenses	4,715,502	-	4,715,502
Change in net assets	210,362	(476,518)	(266,156)
Net assets at beginning of year	595,559	1,209,600	1,805,159
Net assets at end of year	$ 805,921	$ 733,082	$ 1,539,003

See accompanying notes.

THE CONCILIO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:			
Grants	$ 514,956	$ 1,553,300	$ 2,068,256
Contributions	342,529	-	342,529
Program service fees	829,354	-	829,354
In-kind contributions	375	-	375
Gain/ Loss on Sale of Assets	(1,009)	-	(1,009)
Net assets released from restrictions	728,700	(728,700)	-
Total revenues and support	2,414,905	824,600	3,239,505
Expenses:			
Program services	2,408,791	-	2,408,791
General and administrative	141,756	-	141,756
Fundraising	129,825	-	129,825
Total expenses	2,680,372	-	2,680,372
Change in net assets	(265,467)	824,600	559,133
Net assets at beginning of year	861,026	385,000	1,246,026
Net assets at end of year	$ 595,559	$ 1,209,600	$ 1,805,159

See accompanying notes.

THE CONCILIO
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services							
	Health	Education	Community Engagement & Outreach	Latino Equity	Total	General and Administrative	Fundraising	Total
Contract services	$ 38,615	$ 53,169	$ 8,739	$ 56,650	157,173	$ 37,693	$ 7,553	$ 202,419
Depreciation	3,761	8,227	8,932	1,175	22,095	1,410	-	23,505
Equipment expense	3,642	4,386	3,409	6,082	17,519	324	19	17,862
Grants/ gifts and other assistance	-	1,251	1,378,072	500	1,379,823	-	-	1,379,823
In- Kind	-	-	15,717	-	15,717			15,717
Insurance	1,642	3,129	26,915	687	32,373	6,449	14	38,836
Marketing and communications	12,643	17,303	16,249	20,256	66,451	9,749	12,734	88,934
Meetings and events	15,979	10,968	3,234	40,544	70,725	5,660	69,768	146,153
Occupancy	20,823	39,252	43,500	9,832	113,407	7,247	590	121,244
Other expenses	4,446	4,311	635	2,879	12,271	5,195	11	17,477
Personnel	368,790	737,480	819,818	119,021	2,045,109	114,318	8,238	2,167,665
Professional fees	5,194	9,921	11,094	2,304	28,513	17,263	83	45,859
Program elements	51,456	203,349	71,591	35,820	362,216	16	100	362,332
Shipping and delivery	10	-	8	-	18	148	-	166
Supplies	4,307	6,492	891	4,514	16,204	665	1	16,870
Telephone	4,810	7,100	12,758	1,357	26,025	1,670	101	27,796
Transportation	2,592	8,323	8,515	493	19,923	146	-	20,069
Travel	5,226	4,921	3,759	8,674	22,580	195	-	22,775
Total expenses	$ 543,936	$ 1,119,582	$ 2,433,836	310,788	4,408,142	$ 208,148	$ 99,212	$ 4,715,502

See accompanying notes.

THE CONCILIO
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services						
	Community Health	Education	Latino Equity	Total	General and Administrative	Fundraising	Total
Contract services	$ 29,691	$ 50,816	$ 80,240	$ 160,747	$ 5,821	$ 37,953	$ 204,521
Depreciation	6,289	4,502	12,269	23,060	2,096	1,048	26,205
Equipment expense	3,081	7,093	7,908	18,082	735	736	19,553
Grants/ gifts and other assistance	-	100	380,020	380,120	-	-	380,120
In- Kind	-	-	-	-	-	375	375
Insurance	772	1,742	4,613	7,127	15,349	171	22,647
Interest\ Taxes\ Penalties	-	-	-	-	7,125	-	7,125
Marketing and communications	11,621	9,200	28,866	49,687	917	9,812	60,415
Meetings and events	3,046	3,948	21,789	28,783	2,960	2,868	34,610
Occupancy	20,741	47,202	33,232	101,175	5,041	5,227	111,443
Other expenses	1,685	1,558	1,659	4,902	4,873	200	9,974
Personnel	258,784	556,454	574,157	1,389,396	75,736	63,259	1,528,390
Professional fees	3,192	7,695	6,455	17,342	16,158	1,185	34,685
Program elements	24,264	69,046	96,141	189,451	1,469	5,590	196,511
Shipping and delivery	392	132	511	1,035	116	-	1,151
Supplies	845	3,286	1,140	5,271	2,026	192	7,489
Telephone	3,847	5,566	5,410	14,823	1,220	748	16,792
Transportation	1,567	3,437	7,052	12,056	114	461	12,631
Travel	-	-	5,734	5,734	-	-	5,734
Total expenses	$ 369,819	$ 771,777	$ 1,267,196	$ 2,408,791	$ 141,756	129,825	$ 2,680,372

See accompanying notes.

THE CONCILIO
STATEMENT OF CASH FLOWS
For the Year End December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (266,156)	$ 559,133
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	23,506	26,205
Loss of disposal of equipment	11,937	1,009
Cancellation of Paycheck Protection Program debt	(230,685)	(210,632)
Net change in operating assets and liabilities:		
Pledges, grants and accounts receivable	509,077	(572,930)
Prepaid expenses	2,744	10,450
Accounts payable and accrued liabilities	58,488	116,368
Deferrred revenue	92,598	-
Deferred rent	397	14,046
Net cash provided by (used in) operating activities	201,906	(56,351)
Cash flows from investing activities:		
Purchases of property and equipment	(14,434)	(14,770)
Net cash used in investing activities	(14,434)	(14,770)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program Loan	-	230,685
Net cash provided by financing activities	-	230,685
Net increase in cash	187,472	159,564
Cash at beginning of year	1,264,352	1,104,788
Cash at end of year	$ 1,451,824	$ 1,264,352

See accompanying notes.

1. Organization

The Concilio (Organization) began as the Dallas Concilio of Hispanic Service Organizations and in 2010 changed its name to The Concilio. Founded in 1981 to fill the role of collaborative partner in response to the needs of an emerging Hispanic population, the Organization educated nonprofits and other agencies on effectively reaching this growing demographic. For over 40 years, The Concilio has specialized in outreach to the Hispanic community, as well as actively working with other effective, existing local agencies. Today, the Organization provides direct services that fulfill its mission to build stronger communities by unlocking opportunities for Latino families. The Organization is primarily supported by contributions and grants from individuals, corporations, and other nonprofit organizations.

The Organization fulfills its mission through the following programs generally related to education, health, community action and Latino initiatives:

Education: The Organization seeks to help the whole family understand the importance of education through the following programs:

- *Parents Advocating for Student Excellence* (PASE) is a nine-week curriculum for parents with children in elementary, middle and high school. The curriculum improves educational achievement by teaching parents their roles and responsibilities with regard to their children’s education.

- *Parents As Leaders* (PAL) is a 30-week curriculum developed for parents of pre-kindergarten level children. PAL helps parents understand that they are the most important teacher, role model and leader in their children's lives.

- *Lena Start* (LENA) is a program to help parents learn how to increase conversation with their children during the first three years of life.

Health: The Organization connects communities with health resources and educates them on the importance of preventative care.

The following projects are part of the Community Health program:

- The Organization assists people with applying for food and medical assistance online at *YourTexasBenefits.com.*

- *Healthy Kids, Healthy Families* is a nine-week program generating lasting changes in health behavior for parents and their children.

- *Comprando Rico y Sano* is an educational program created by the National Council of LaRaza's Institute for Hispanic Health to increase healthy and nutritious shopping.

Community Engagement and Outreach: The Organization provides a wide range of services including emergency aid and food support; financial, rent and utility assistance; help with applying for Medicaid/SNAP/CHIP; and support to those affected by COVID-19.

- *Community Action Network* (CAN) assists in building whole communities in which families take ownership as the leaders and decision makers. CAN has established a unique model in which the parent leaders of the program are seated at the decision-making table and have been fully integrated into all levels of development, planning and implementation of each project and activity during CAN class time.

- *Dallas Rental Assistance Collaborative Phase 5* (DRAC5), In collaboration with the City of Dallas and United Way of Metropolitan Dallas, the Organization administers rental and utility assistance funded by grants from the U.S. Department of Treasury.

- *Vacunas Project* was implemented in 2022 to service hard-to-reach communities within Dallas and Tarrant Counties. Emphasis was place on monolingual Spanish, immigrant and low-income families focusing on areas with high COVID-19 cases and low vaccine uptake rates. The project includes activities such as block walking, canvassing, tabling events, vaccine clinics, phone banking and social media campaign.

Latino Equity: The Organization offers a range of services to foster cultural proficiency in organizations and individuals.

- *Latino Initiative* reaches individuals in the community via door-to door block walking, community events, and social media campaigns. The Latino Initiative department also provides support to families in the form of financial assistance for rent or utilities, benefits enrollment (SNAP, CHIP, and Medicaid), technology support, referrals for groceries, healthcare, childcare and Covid-19 testing and vaccines.

2. Summary of Significant Accounting Policies

The accounting policies of the Organization conform to U.S. generally accepted accounting principles (GAAP). The more significant accounting policies of the Organization are described below.

Basis of Accounting

The Organization prepares the financial statements on the accrual basis of accounting.

Financial Statement Presentation

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

> *Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.
>
> *Net assets with donor restrictions* - Net assets subject to donor stipulations that will be met by actions of the Organization and/or the passage of time.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a board of directors approved spending policy. As of December 31, 2022 and 2021, no such net asset restrictions existed.

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

Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash, pledges receivable, accounts receivable and grants receivable. Cash is placed with high credit quality financial institutions to minimize risk. Accounts, pledges and grants receivable are unsecured and are due from various donors and partner agencies. The Organization continually evaluates the collectability of accounts, pledges, and grants receivable and maintains allowances for potential losses, if considered necessary. The allowance for doubtful accounts was $2,500 as of December 31, 2022 and 2021.

The Organization maintains cash balances at various financial institutions located in Texas. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2022 the Organization had uninsured balances totaling $951,823.

Pledges, Grants and Accounts Receivable

Pledges receivable are recorded at the estimated fair value when received, grants receivable are recorded based on the terms of the grant agreement and accounts receivable are generally recorded at the contracted amount for services performed.

Concentration of Contributions

At December 31, 2022, balances due from two grantors totaled approximately 97% of pledges, grants and accounts receivable. At December 31, 2021, balances due from two grantors totaled 63% of pledges, grants, and accounts receivable.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost or if acquired by gift, fair market value at the date of the gift. Depreciation is calculated using the straight-line method based upon the estimated useful lives of the assets. Depreciation of leasehold improvements is calculated using the straight line method based upon the shorter of the life of the assets or the lease term. The cost of maintenance and repairs is charged to expense as incurred.

Deferred Rent

The Organization records rental revenue on a straight-line basis over the term of the lease agreement. The difference between payments received and rental expense is reflected as deferred rent.

Revenue Recognition

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

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Revenue for program fees is recognized at the time the program related services are provided.

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

Federal Income Taxes

The Organization is recognized by the Internal Revenue Service as exempt from federal income tax under section 501 (c)(3) of the Internal Revenue Code (IRC) and is not a private foundation as defined in the IRC. Income generated from activities unrelated to the Organization's exempt purposes is subject to tax under IRC Section 511. The Organization did not have a material unrelated business income tax liability as of December 31, 2022 and 2021. Therefore, no tax provision or liability has been reported in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax return and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2022 and 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Allocation of Functional Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the various functions. Supplies, shipping/delivery, occupancy, equipment, telephone, insurance and other expenses are allocated based on usage and square footage. All other expenses are allocated on the basis of estimates of time and effort.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASUs) to the FASB's Accounting Standards Codification.

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases,* for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease’s classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021. The Organization adopted ASU 2016-02 effective January 1, 2022.

The Organization leases space and office equipment under non-cancellable leases which require minimum annual rentals. The Organization recognizes a lease liability and an intangible right-to-use lease assets (lease asset) in the Statement of Financial Position.

At the commencement of a lease, the Organization initially measures the lease liability at the present value payments expected to be made during the lease term. Subsequently, the lease cost is allocated over the lease term on a straight-line basis.

Key estimates and judgements related to leases include how the Organization determines the (1) discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments for the office lease. The weighted average discount rate applied to calculate lease liabilities as of December 31, was 1.55%. For the equipment leases, the Organization uses the incremental borrowing rate of 3%, the implied interest rate specified in the lease contract. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, lease incentives receivable from the lessor, and any other payments that are reasonable certain of being required based on an assessment of all relevant factors.

Estimates and Assumptions

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

3. Property and equipment

Property and equipment consisted of the following at December 31:

	2022	2021
Leasehold improvements	$ 52,194	$ 52,194
Office equipment	86,789	86,789
Computer equipment	37,514	42,976
Less: accumulated depreciation	(70,089)	(54,542)
	$ 106,408	$ 127,417

4. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31:

	2022	2021
Education	$ 222,167	$ 370,000
Health	274,667	767,000
Community engagement and outreach	65,000	-
General	56,250	72,600
Latino equity	115,000	-
Total	$ 733,082	$ 1,209,600

5. Contributed Goods and Services

The Organization received and recognized $15,717 and $375 in contributed goods and services during 2022 and 2021, respectively. In addition, individuals may volunteer their time and perform a variety of tasks that assist the Organization but these services do not meet the criteria for recognition as contributed services.

6. Liquidity and Availability of Resources

The Organization's financial assets available to meet cash needs for general expenditure within one year as of December 31:

	2022	2021
Cash	$ 1,451,824	$ 1,264,352
Pledges, grants and accounts receivables, net	368,023	877,100
Total	$ 1,819,847	$ 2,141,452

The Organization receives significant contributions and unconditional promises to give each year from donors, which are available to meet annual cash needs for general expenditures. The Organization strives to maintain liquid financial assets sufficient to cover 90 days general expenditures. To achieve this, the Organization forecasts its future cash flows and monitors its liquidity monthly and quarterly. During the years ended December 31, 2022 and 2021, the level of liquidity was managed within the Organization's expectations.

7. Leases

For the year ended December 31, 2022, total operating lease cost was $121,245. As of December 31, 2022, the weighted-average remaining lease term for the Organization’s operating leases was approximately 6 years.

Future rent commitments are as follows:

Year Ended December 31,	Amount
2023	$ 101,664
2024	104,264
2025	106,864
2026	107,787
2027	107,033
Thereafter	174,850
	702,462
Less present value discount	(36,046)
Total lease obligations	$ 666,416

8. Concentration and Risks

The Organization primarily serves the greater Dallas, Texas area and derives its revenue from program income and contributions, including grants. Continued funding from these sources, at current levels, is dependent upon various factors. Such factors include economic conditions in the area, new legislation, donor satisfaction and public perception of mission effectiveness and relative importance.

9. Related Party Transactions

The Organization received contributions from board members totaling $41,850 and $41,724 during the years ended December 31, 2022 and 2021, respectively.

10. Retirement Plan

The Organization initiated a defined contribution plan for their leased employees effective March 1, 2008. All employees 21 years or older with 1,000 hours of service are eligible. The Organization provides a discretionary matching contribution based on the amount of the employee's pre-tax and/or after-tax Roth contributions. The Organization's matching contribution is dollar for dollar up to the first 3% of compensation. The Organization contributed matching funds of $6,362 and $15,976 during the years ended December 31, 2022 and 2021, respectively, to the plan.

11. COVID-19 and Paycheck Protection Program Loan

In April 2020, the Organization received loan proceeds in the mount of $210,632 from a financial institution under the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The CARES Act loan includes a feature that allows for forgiveness of the loan if the funds are used for eligible purposes, including payroll and benefits, and if the Organization maintains its payroll levels. The Organization used qualified expenditures under the program to qualify for debt cancellation. The loan was fully forgiven by the SBA in October 2021. The revenue from debt extinguishment is included in contributions revenue in the statement of activities.

In May 2021, the Organization applied for and was approved for a second draw PPP loan for $230,685. The Organization used qualified expenditures under the program to qualify for debt cancellation. The loan was fully forgiven by the SBA in April 2022. The revenue from debt extinguishment is included in contributions revenue in the statement of activities.

12. Subsequent Events

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

SINGLE AUDIT SECTION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
The Concilio
Dallas, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Concilio's 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 Concilio's major federal programs for the year ended December 31, 2022. The Concilio'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 Concilio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Concilio 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 Concilio'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 Concilio's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Concilio'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 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 The Concilio's 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 The Concilio'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 Concilio's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Concilio'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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Golden, Redd & Company, LLC

Dallas, Texas
July 21, 2023

GOLDEN, REDD & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
The Concilio
Dallas, 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 Concilio (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 11, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

5429 LBJ Frwy Suite 350 ▪ Dallas, Texas 75240
214.369.8200 ▪ F: 214.692.9382 ▪ www.gdrjcpa.com

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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Golden, Redd & Company, LLC

Dallas, Texas
July 21, 2023

THE CONCILIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures	Pass-through Expenditures
U.S. Department of the Treasury				
Passed through City of Dallas and United Way Metropolitan Dallas:				
Emergency Rental Assistance Program	21.023	OCC-2021-00016760	$ 1,451,857	-
Total Expenditures of Federal Awards			$ 1,451,857	-

BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The accrual basis of accounting is described in Note I of the basic financial statements. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of The Concilio. Federal awards received directly from federal agencies, as well as awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

THE CONCILIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Summary of Auditor's Results:

Financial Statements:	
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	None
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	None
Federal Awards:	
Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiency(ies) identified?	None reported
Type of auditor's 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) of Uniform Guidance?	None
Identification of major programs:	
Federal Assistance Listing Number	Name of Federal Program or Cluster:
21.023	Emergency Rental Assistance Program
Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee for federal single audit?	No

Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With Government Auditing Standards

None

Findings and Questioned Costs for Federal Awards

None