

**EPILEPSY FOUNDATION CENTRAL  
& SOUTH TEXAS**

**FINANCIAL STATEMENTS WITH  
COMPLIANCE REPORTING**

**August 31, 2019 and 2018**

**EPILEPSY FOUNDATION CENTRAL & SOUTH TEXAS**  
**FINANCIAL STATEMENTS WITH**  
**COMPLIANCE REPORTING**  
**August 31, 2019 and 2018**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Epilepsy Foundation Central & South Texas  
San Antonio, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Epilepsy Foundation Central & South Texas (EFCST), a non-profit organization, which comprise the statements of financial position as of August 31, 2019 and 2018, and the related statements of activities (with comparative totals for 2018), functional expenses (with comparative totals for 2018), and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

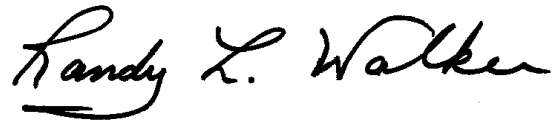
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EFCST as of August 31, 2019 and 2018, 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2020 on pages 12-13 on our consideration of EFCST's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering EFCST's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Randy L. Walker". The signature is written in a cursive style with a prominent underline.

San Antonio, Texas  
January 15, 2020

# **FINANCIAL STATEMENTS**

**EPILEPSY FOUNDATION CENTRAL & SOUTH TEXAS**  
**STATEMENTS OF FINANCIAL POSITION**  
**August 31, 2019 and 2018**

	2019	2018
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 183,259	\$ 258,200
Accounts Receivable	127,608	106,810
Prepaid Expenses	10,229	4,212
Other Assets	371	371
Total Current Assets	321,467	369,593
 <b>LONG-TERM ASSETS</b>		
Furniture and Equipment, net	6,650	9,122
Total Long-Term Assets	6,650	9,122
<b>TOTAL ASSETS</b>	<b>\$ 328,117</b>	<b>\$ 378,715</b>
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 29,943	\$ 16,575
Accrued Expenses	45,822	29,701
Deferred Revenue	23,021	22,111
<b>TOTAL LIABILITIES</b>	<b>98,786</b>	<b>68,387</b>
 <b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	121,807	170,185
Total Without Donor Restrictions	121,807	170,185
With Donor Restrictions:		
Purpose Restricted	107,524	140,143
Total With Donor Restrictions	107,524	140,143
<b>TOTAL NET ASSETS</b>	<b>229,331</b>	<b>310,328</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 328,117</b>	<b>\$ 378,715</b>

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

**EPILEPSY FOUNDATION CENTRAL & SOUTH TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended August 31, 2019**  
**(with comparative totals for 2018)**

	<b>2019</b>			2018 Total
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
<b><u>OPERATING SUPPORT AND REVENUE</u></b>				
State Grant Revenue	\$ -	\$ 574,755	\$ 574,755	\$ 576,137
Fundraising Revenue, net of direct expenses of \$49,580 and \$49,196, respectively	208,933	-	208,933	172,532
Program and Other Grant Revenue	-	168,572	168,572	222,344
In-Kind Revenue	96,298	-	96,298	39,378
Contributions	79,433	-	79,433	71,681
Conference Income	500	-	500	-
Reimbursable Revenue	-	-	-	5
Net Assets Released from Restrictions	775,946	(775,946)	-	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>1,161,110</b>	<b>(32,619)</b>	<b>1,128,491</b>	<b>1,082,077</b>
<b><u>OPERATING EXPENSES</u></b>				
Program	1,047,052	-	1,047,052	946,543
General and Administrative	125,809	-	125,809	89,079
Fundraising	38,266	-	38,266	35,064
<b>TOTAL OPERATING EXPENSES</b>	<b>1,211,127</b>	<b>-</b>	<b>1,211,127</b>	<b>1,070,686</b>
<b>CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITY</b>	<b>(50,017)</b>	<b>(32,619)</b>	<b>(82,636)</b>	<b>11,391</b>
<b><u>NON-OPERATING ACTIVITY</u></b>				
Interest Income	1,639	-	1,639	1,147
<b>TOTAL NON-OPERATING ACTIVITY</b>	<b>1,639</b>	<b>-</b>	<b>1,639</b>	<b>1,147</b>
<b>CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITY</b>	<b>(48,378)</b>	<b>(32,619)</b>	<b>(80,997)</b>	<b>12,538</b>
<b>NET ASSETS, Beginning of Year</b>	<b>170,185</b>	<b>140,143</b>	<b>310,328</b>	<b>297,790</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 121,807</b>	<b>\$ 107,524</b>	<b>\$ 229,331</b>	<b>\$ 310,328</b>

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

**EPILEPSY FOUNDATION CENTRAL & SOUTH TEXAS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended August 31, 2019**  
**(with comparative totals for 2018)**

	2019			Total	2018 Total
	Program	General and Administrative	Fundraising		
<b><u>OPERATING EXPENSES</u></b>					
Salary Expense	\$ 545,730	\$ 64,172	\$ 32,133	<b>\$ 642,035</b>	\$ 621,323
Payroll Taxes and Benefits	104,262	12,266	6,133	<b>122,661</b>	79,962
Total Payroll Expenses	649,992	76,438	38,266	<b>764,696</b>	701,285
Education and Patient Services	166,188	-	-	<b>166,188</b>	131,601
Office Rent	79,264	2,451	-	<b>79,048</b>	55,203
Contractual Expense	48,333	738	-	<b>49,071</b>	58,436
Supplies	30,744	1,281	-	<b>32,025</b>	18,280
Dues and Fees	18,239	9,822	-	<b>28,061</b>	28,345
Professional Fees	-	16,422	-	<b>16,422</b>	20,703
Telephone	13,332	701	-	<b>14,033</b>	9,787
Travel	13,086	335	-	<b>13,421</b>	11,452
Repair and Maintenance	-	11,851	-	<b>11,851</b>	65
Printing and Postage	9,492	95	-	<b>9,587</b>	6,428
Equipment Lease Expense	8,630	454	-	<b>9,084</b>	7,496
Utilities	4,213	521	-	<b>4,734</b>	5,252
Insurance	3,978	345	-	<b>4,323</b>	4,318
Satellite Office	773	773	-	<b>4,213</b>	526
Depreciation	-	2,472	-	<b>2,472</b>	4,378
Meeting Expense	161	1,010	-	<b>1,171</b>	258
Miscellaneous Expense	627	100	-	<b>727</b>	6,873
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,047,052</b>	<b>\$ 125,809</b>	<b>\$ 38,266</b>	<b>\$ 1,211,127</b>	<b>\$ 1,070,686</b>

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



**EPILEPSY FOUNDATION CENTRAL & SOUTH TEXAS**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended August 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in Net Assets from Operating Activities	\$ (80,997)	\$ 12,538
Adjustments to Reconcile Net Change to Net Cash Used		
Used by Operations:		
Depreciation	2,472	4,378
Increase in Assets:		
Accounts Receivable	(20,798)	(37,622)
Prepaid Expenses	(6,017)	(62)
Other Assets	-	(371)
Increase (Decrease) in Liabilities:		
Accounts Payable	13,368	(1,554)
Accrued Expenses	16,121	(19,967)
Deferred Revenue	910	19,486
	<b>(74,941)</b>	<b>(23,174)</b>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>		
	<b>(74,941)</b>	<b>(23,174)</b>
<b>CASH, Beginning of Year</b>	<b>258,200</b>	<b>281,374</b>
<b>CASH, End of Year</b>	<b>\$ 183,259</b>	<b>\$ 258,200</b>

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

**EPILEPSY FOUNDATION CENTRAL & SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting*

The accompanying financial statements have been prepared on the accrual basis of accounting following current accounting practices for non-profit organizations. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

*Organization and Nature of Activities*

Epilepsy Foundation Central & South Texas (EFCST) is a non-profit organization founded in 1993 that covers 79 Texas counties and is an affiliate of the Epilepsy Foundation of America. EFCST leads the fight to stop seizures, find a cure and overcome the challenges created by epilepsy. EFCST's programs and services include indigent seizure clinics; social case management; information and referral; outreach and support services; individual, community, and professional education; employment preparation services; and summer youth opportunities.

*Basis of Presentation*

EFCST is required to report information regarding its financial position and activities according to two classes of net assets:

- Net Assets Without Donor Restrictions - Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, designated.
- Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions that are more restrictive than EFCST's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

*Furniture and Equipment*

Purchased furniture and equipment are stated at cost. Donated assets are recorded at estimated market value at the date of donation. Depreciation for furniture and equipment is computed using the straight-line method over the estimated useful lives of five to seven years.

*Income Taxes*

Epilepsy Foundation Central & South Texas is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. EFCST has been classified as an organization that is not a private foundation under 509(a)(1) of the Internal Revenue Code and qualifies for the maximum charitable contribution deduction for individual donors. As of August 31, 2019, the tax years that remain subject to examination by taxing authorities begin with 2016.

**EPILEPSY FOUNDATION CENTRAL & SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Support and Revenue*

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or by the activity for which the contribution was solicited, and are recorded when pledged.

*New Accounting Pronouncements*

In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management does not expect the new standard to have a significant impact on its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2020. A lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with lease terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

*Recently Adopted Accounting Pronouncements*

In August 2016, the FASB issued Accounting Standard Update 2016-14, regarding the reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017 with early adoption encouraged. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expense by function and natural classification, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. EFCST early adopted this new pronouncement effective September 1, 2017.

**NOTE 2 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and general and administrative expenses have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses, which are allocated on the basis of estimates of time and effort, as well as depreciation, insurance, repair and maintenance, and utilities, which are allocated on the basis of square footage or some other reasonable basis.

**NOTE 3 - FURNITURE AND EQUIPMENT**

Furniture and equipment consisted of the following at August 31:

	<u>2019</u>	<u>2018</u>
Furniture and Fixtures	\$ 7,431	\$ 7,431
Equipment	53,135	53,135
Less Accumulated Depreciation	<u>(53,916)</u>	<u>(51,444)</u>
Total	<u>\$ 6,650</u>	<u>\$ 9,122</u>

Depreciation expense for the years ended August 31, 2019 and 2018 was \$2,472 and \$4,378, respectively.

**EPILEPSY FOUNDATION CENTRAL & SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 4 - CONCENTRATION OF REVENUE**

Fee-for-service grants from the Texas Department of State Health Services provided approximately 49% and 51% of EFCST's revenue for the years ended August 31, 2019 and 2018, respectively. Additionally, approximately 14% and 20% of EFCST's revenue was provided by grants and programs for the years ended August 31, 2019 and 2018, respectively.

**NOTE 5 - CONCENTRATION OF CREDIT RISK**

EFCST maintains its cash balances in two deposit accounts with Frost Bank. The Federal Deposit Insurance Corporation insures all cash accounts up to \$250,000. At August 31, 2019 and 2018, EFCST's uninsured cash balances totaled \$-0- and \$12,538, respectively, without consideration of reconciling items.

**NOTE 6 - ACCOUNTS RECEIVABLE**

Accounts receivable consist of amounts due primarily from the Texas Department of Health and Human Services for fee-for-service grants and contributions from individuals and corporations. EFCST considers accounts receivable to be fully collectible. Therefore, no allowance for doubtful accounts is deemed necessary by management. Accounts receivable was \$127,608 and \$106,810 as of August 31, 2019 and 2018, respectively.

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes at August 31:

	<u>2019</u>	<u>2018</u>
Camp Brainstorm	\$ 60,498	\$ 96,524
EFA Grant	31,767	22,299
Studio E	9,162	15,245
Mindset Grant	3,557	3,557
African American Grant	2,500	2,500
Una Rx Card	40	18
Total	<u>\$ 107,524</u>	<u>\$ 140,143</u>

**NOTE 8 - SUBSEQUENT EVENTS**

EFCST has evaluated subsequent events through January 15, 2020, which is the date the financial statements were available to be issued.

**NOTE 9 - IN-KIND CONTRIBUTIONS**

EFCST receives in-kind contributions in the form of counseling and physician services from regional medical professionals. For the years ended August 31, 2019 and 2018, in-kind contributions were valued at \$96,298 and \$39,378, respectively.

**EPILEPSY FOUNDATION CENTRAL & SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 10 - OPERATING LEASES**

EFCST leases office equipment under a non-cancelable operating lease expiring in May 2022. Total equipment lease payments were \$9,084 and \$7,496 for the years ended August 31, 2019 and 2018, respectively.

The total future required minimum payments for the office equipment lease are as follows:

<u>Year Ending August 31,</u>	
2020	\$ 8,220
2021	8,220
2022	<u>5,480</u>
Total	<u>\$ 21,920</u>

EFCST also leases office space under non-cancelable operating leases for each of its two locations. The San Antonio lease expires in October 2023 and has a monthly rate of \$7,250. The Austin lease expires in September 2019 and has a monthly rate of \$349. EFCST has a lease for additional office space for the Austin office that expires in June 2020 and has a monthly rate of \$725. Total office rent payments were \$79,048 and \$55,203 for the years ended August 31, 2019 and 2018, respectively.

The total future required minimum payments for the office rental lease are as follows:

<u>Year Ending August 31,</u>	
2020	\$ 94,602
2021	88,729
2022	89,075
2023	89,075
2024	<u>14,846</u>
Total	<u>\$ 376,327</u>

**NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The following reflects EFCST's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-stipulated restrictions.

	<b>2019</b>	2018
Cash	\$ <b>183,259</b>	\$ 258,200
Accounts Receivable	<b>127,608</b>	106,810
Total Financial Assets	<b>310,867</b>	365,010
Donor Restrictions	<u><b>(107,524)</b></u>	<u>(140,143)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u><b>\$ 203,343</b></u>	<u>\$ 224,867</u>

**EPILEPSY FOUNDATION CENTRAL & SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 12 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

EFCST adopted the provisions of ASC 820, “Fair Value Measurements and Disclosures” (formerly SFAS 157). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The adoption of ASC 820 did not affect EFCST’s financial position or results of operations.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.
- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

EFCST does not have Level 2 or Level 3 assets or liabilities.

EFCST’s financial instruments (Level 1) were as follows at August 31:

	2019		2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets:				
Cash	\$ 183,259	\$ 183,259	\$ 258,200	\$ 258,200
Accounts Receivable	\$ 127,608	\$ 127,608	\$ 106,810	\$ 106,810
Prepaid Expenses	\$ 10,229	\$ 10,229	\$ 4,212	\$ 4,212
Other Assets	\$ 371	\$ 371	\$ 371	\$ 371
Financial Liabilities:				
Accounts Payable	\$ 29,943	\$ 29,943	\$ 16,575	\$ 16,575
Accrued Expenses	\$ 45,822	\$ 45,822	\$ 29,701	\$ 29,701
Deferred Revenue	\$ 23,021	\$ 23,021	\$ 22,111	\$ 22,111

The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

## **OTHER REPORTING REQUIRED**

**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***

Board of Directors  
Epilepsy Foundation Central & South Texas  
San Antonio, 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 Epilepsy Foundation Central & South Texas (EFCST), a nonprofit organization, which comprise the statement of financial position as of August 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and have issued our report thereon dated January 15, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered EFCST’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of EFCST’s internal control. Accordingly, we do not express an opinion on the effectiveness of EFCST’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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

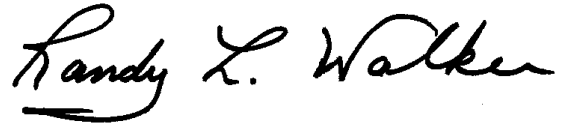


### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 EFCST's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Randy L. Walker". The signature is written in a cursive style with a prominent underline at the end.

San Antonio, Texas  
January 15, 2020