

SPAN, INCORPORATED

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2018

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902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
SPAN, Incorporated
Denton, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of SPAN, Incorporated (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 SPAN, Incorporated as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2019, on our consideration of SPAN, Incorporated'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 SPAN, Incorporated's internal control over financial reporting and compliance.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

January 28, 2019

FINANCIAL SECTION

SPAN, INCORPORATED

STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018

ASSETS

Current Assets:

| | | |
|----------------------|---------------|--------------|
| Cash | \$ 549,492 | |
| Accounts receivable | 666,353 | |
| Prepaid expenses | <u>67,466</u> | |
| Total Current Assets | | \$ 1,283,311 |

Property and equipment:

| | | |
|-------------------------------------|--------------------|------------------|
| Land | 181,100 | |
| Building | 599,323 | |
| Transportation equipment | 2,289,495 | |
| Office/Shop furniture and equipment | <u>315,073</u> | |
| | 3,384,991 | |
| Less accumulated depreciation | <u>(2,202,826)</u> | |
| Net Property and Equipment | | <u>1,182,165</u> |

Total Assets \$ 2,465,476

LIABILITIES AND NET ASSETS

Current Liabilities:

| | | |
|---------------------------|------------------|-----------|
| Accounts payable | \$ <u>44,284</u> | |
| Total Current Liabilities | | \$ 44,284 |

Net Assets:

| | | |
|------------------------|-----------|------------------|
| Unrestricted | 2,421,192 | |
| Temporarily restricted | <u>-</u> | |
| Total Net Assets | | <u>2,421,192</u> |

Total Liabilities and
Net Assets \$ 2,465,476

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

SPAN, INCORPORATED

STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

| | Unrestricted | Temporarily Restricted | Total |
|--|---------------------|---------------------------|---------------------|
| Support and Revenue: | | | |
| Support | | | |
| Contributions | \$ 130,134 | | \$ 130,134 |
| Support from local governments | 168,192 | | 168,192 |
| United Way | 55,173 | | 55,173 |
| Total Support | <u>353,499</u> | | <u>353,499</u> |
| Revenue: | | | |
| Transportation grants | 1,544,333 | | 1,544,333 |
| Transportation contracts | 206,040 | | 206,040 |
| Aging grants | 542,839 | | 542,839 |
| Aging contracts | 83,740 | | 83,740 |
| Transportation program income | 318,879 | | 318,879 |
| Meals program income | 32,452 | | 32,452 |
| Miscellaneous | 1,391 | | 1,391 |
| Loss on disposition of assets | (1,202) | | (1,202) |
| Interest income | 790 | | 790 |
| Total Revenue | <u>2,729,262</u> | | <u>2,729,262</u> |
| Net assets released from restrictions: | | | |
| Satisfaction of usage restrictions | - | \$ - | - |
| Total Support and Revenue | <u>3,082,761</u> | <u>-</u> | <u>3,082,761</u> |
| Expenses: | | | |
| Functional Expenses: | | | |
| Transportation program | 2,375,240 | | 2,375,240 |
| Senior citizen meals and other services | 741,079 | | 741,079 |
| Management and general | 148,831 | | 148,831 |
| Fundraising | 37,079 | | 37,079 |
| Total Expenses | <u>3,302,229</u> | | <u>3,302,229</u> |
| Change in net assets | <u>(219,468)</u> | <u>-</u> | <u>(219,468)</u> |
| Net Assets, Beginning of Year | <u>2,640,660</u> | <u>-</u> | <u>2,640,660</u> |
| Net Assets, End of Year | <u>\$ 2,421,192</u> | <u>\$ -</u> | <u>\$ 2,421,192</u> |

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

SPAN, INCORPORATED

STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018

Cash Flows From Operating Activities:

| | | |
|--|--------------|-------------|
| Change in net assets | \$ (219,468) | |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 383,408 | |
| Increase in accounts receivable | (171,927) | |
| Increase in prepaid expenses | (62,128) | |
| Decrease in accounts payable | (5,639) | |
| Loss on disposition of assets | <u>1,202</u> | |
| Net Cash Used By Operating Activities | | \$ (74,552) |

Cash Flows From Investing Activities:

| | | |
|---------------------------------------|-----------------|-----------------|
| Proceeds from sale of assets | 22,726 | |
| Purchase of property and equipment | <u>(45,210)</u> | |
| Net Cash Used by Investing Activities | | <u>(22,484)</u> |

| | | |
|--|--|-------------------|
| Net decrease in cash and cash equivalents | | (97,036) |
| Cash and cash equivalents - September 30, 2017 | | <u>646,528</u> |
| Cash and cash equivalents - September 30, 2018 | | <u>\$ 549,492</u> |

Supplemental disclosure:

| | | |
|-----------------------------------|----|---|
| Interest paid during the year | \$ | - |
| Income taxes paid during the year | \$ | - |

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

SPAN, INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2018

| | <u>Transportation</u> | <u>Senior Citizen Meal and Other Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|----------------------------------|-------------------------|---|---------------------------------------|----------------------|-------------------------|
| Salaries and Wages | 1,129,832 | 211,464 | 106,739 | 26,687 | 1,474,722 |
| Payroll taxes | 89,616 | 17,209 | 8,577 | 2,144 | 117,546 |
| Workers compensation ins. | 26,789 | 8,394 | 3,069 | 767 | 39,019 |
| Health insurance | 152,950 | 17,396 | 12,584 | 3,146 | 186,076 |
| Retirement | 11,985 | 4,227 | 1,450 | 362 | 18,024 |
| Travel | 93 | 1,981 | | | 2,074 |
| Occupancy | 20,758 | 8,184 | 1,878 | 469 | 31,289 |
| Insurance | 74,307 | 3,556 | 1,315 | 329 | 79,507 |
| Telephone | 30,833 | 5,041 | 3,189 | 797 | 39,860 |
| Office expense | 11,197 | 4,752 | 1,418 | 354 | 17,721 |
| Conferences and meetings | 3,682 | 1,180 | 315 | 79 | 5,256 |
| Advertising | 6,221 | 488 | | | 6,709 |
| Professional fees | 7,745 | 3,055 | 960 | 240 | 12,000 |
| Computer & equipment expenses | 24,531 | 1,480 | 2,313 | 578 | 28,902 |
| Fundraising expenses | | | | 773 | 773 |
| Fuel and oil | 245,799 | | | | 245,799 |
| Licensing | 7,292 | | | | 7,292 |
| Vehicle repairs & maintenance | 132,086 | | | | 132,086 |
| Health testing | 4,697 | | | | 4,697 |
| Uniforms | 3,182 | | | | 3,182 |
| Miscellaneous | 18,872 | 1,565 | 3,606 | | 24,043 |
| Cost of meals | | 440,313 | | | 440,313 |
| Equipment maintenance/supplies | | 1,931 | | | 1,931 |
| Total expenses before deprec. | <u>2,002,467</u> | <u>732,216</u> | <u>147,413</u> | <u>36,725</u> | <u>2,918,821</u> |
| Depreciation of property & equip | <u>372,773</u> | <u>8,863</u> | <u>1,418</u> | <u>354</u> | <u>383,408</u> |
| Total expenses | <u><u>2,375,240</u></u> | <u><u>741,079</u></u> | <u><u>148,831</u></u> | <u><u>37,079</u></u> | <u><u>3,302,229</u></u> |

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

SPAN, INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

SPAN, Incorporated (SPAN) is a not-for-profit agency established to provide transportation, meals and other services to senior citizens and others within the community.

B. Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

C. Description of Programs

Transportation - SPAN provides transportation programs for citizens throughout Denton County. Programs include demand response transportation in Denton County for senior citizens, persons with disabilities, and the general public. Funding for these programs is provided through Federal and State transportation grants and contracts; fares and donations received from riders; and local public and private support.

Senior Citizen Meals and Other Services - Daily (Monday through Friday) hot meals are served to senior citizens at thirteen sites throughout Denton County. The program also includes home delivered meals to qualifying home-bound senior citizens. Funding for the meal programs is provided by Federal and State aging grants, donations from meal recipients and local public and private support. SPAN also provides a variety of programs for senior citizens including information and referral and recreational activities at senior centers.

SPAN, INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

E. Property and Equipment

Expenditures for property and equipment are stated at cost. Donated property and equipment is recorded at its estimated fair market value at the date of donation. The organization capitalizes property and equipment purchases that exceed \$500.

Depreciation of property and equipment is calculated on the straight-line method over the following estimated useful lives:

| | |
|------------------------|------------|
| Buildings | 31.5 years |
| Vehicles | 4-10 years |
| Equipment | 4-8 years |
| Furniture and fixtures | 7-10 years |

F. Contributed Services and Materials

SPAN receives donated services from a variety of unpaid volunteers assisting SPAN in its programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

G. Income Taxes

SPAN is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for Federal income taxes. In addition, SPAN has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income.

H. Functional Allocation of Expenses

The costs of providing SPAN's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

SPAN, INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2018

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Cash Equivalents

For purposes of the statement of cash flows, SPAN considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CONCENTRATIONS OF RISK

SPAN maintains several bank accounts at two banks and one credit union. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash held at Wells Fargo Bank exceeded Federally insured limits at certain times during the year. At September 30, 2018, cash balances at Wells Fargo Bank were \$213,910.

SPAN receives a significant portion of its revenues under transportation grants from Texas Department of Transportation (TXDOT) and North Central Texas Council of Governments (NCTCOG). Revenue from these grants were \$619,534 from TXDOT and \$880,668 from NCTCOG during the year ended September 30, 2018.

SPAN also received \$543,748 in aging and transportation grants from the Area Agency on Aging.

NOTE 3 – RETIREMENT PLAN

SPAN sponsors a retirement plan for its employees. The plan is a salary reduction retirement plan under Internal Revenue Code Section 403(b). Under the plan, employees can elect to contribute to the plan, up to Internal Revenue Code limits. SPAN matches eligible employee's contributions up to three percent of the employee's compensation. During the fiscal year ended September 30, 2018, SPAN contributed \$18,024 in matching contributions to the plan.

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash, accounts receivable, accounts payable, and deferred revenue reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

NOTE 5 – SUBSEQUENT EVENTS

Management has reviewed events subsequent to September 30, 2018 through January 28, 2019, which is the date the financial statements were available to be issued. No subsequent events were identified that were required to be recorded or disclosed in the financial statements.

FEDERAL AWARDS SECTION

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902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

**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
SPAN, Incorporated
Denton, 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 SPAN, Incorporated (a nonprofit organization), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SPAN, Incorporated'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SPAN, Incorporated's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SPAN, Incorporated'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 the 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.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

January 28, 2019

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TEL. (940) 387-8563
FAX (940) 383-4746

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

To the Board of Directors
SPAN, Incorporated
Denton, Texas

Report on Compliance for Each Major Federal Program

We have audited SPAN, Incorporated's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SPAN, Incorporated's major federal programs for the year ended September 30, 2018. SPAN, Incorporated's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of SPAN, Incorporated's major federal programs based on our audit of the types of compliance requirements referred to above. 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SPAN, Incorporated's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SPAN, Incorporated's compliance.

Opinion on Each Major Federal Program

In our opinion, SPAN, Incorporated 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 September 30, 2018.

Report on Internal Control Over Compliance

Management of SPAN, Incorporated is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SPAN, Incorporated's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SPAN, Incorporated's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Hankins, Eastup, Deaton, Tonn & Seay

Hankins, Eastup, Deaton, Tonn & Seay, PC
Denton, Texas

January 28, 2019

SPAN, INCORPORATED

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

I. Summary of Auditors' Results

Financial Statements

| | |
|--|----------------|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None reported. |
| Noncompliance material to financial statements noted? | No |

Federal Awards

| | |
|---|----------------|
| Internal control over major federal programs: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified that are not considered to be material weaknesses? | None reported. |
| Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| Any audit findings disclosed which are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| Identification of major programs: | |
| Name of Federal Program or Cluster: | CFDA Numbers |
| U.S. Department of Transportation: Federal Transit Cluster: Federal Transit – Formula Grants | 20.507 |
| Dollar threshold used for distinguishing between Type A and Type B federal programs? | \$750,000 |
| Auditee qualified as low-risk auditee? | No |

II. Financial Statement Findings

None

III. Federal Awards Findings and Questioned Costs

None

SPAN, INCORPORATED

SCHEDULE OF STATUS OF PRIOR FINDINGS
YEAR ENDED SEPTEMBER 30, 2018

PROGRAM

DESCRIPTION

No findings were noted in the prior year.

SPAN, INCORPORATED

**CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2018**

PROGRAM

DESCRIPTION

None required.

SPAN, INCORPORATED

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Agency or Pass-Through Number | Federal Expenditures |
|---|---------------------------|-------------------------------------|-------------------------|
| <u>U.S. Department of Health and Human Services</u> | | | |
| Pass-through Texas Department on Aging: Contracted through the North Central Texas Council of Governments Area Agency on Aging: | | | |
| Aging Cluster: | | | |
| Title III, Part B – Supporting Services and Senior Centers * | 93.044 | N/A | \$ 29,451 |
| Title III, Part C – Nutrition Services * | 93.045 | N/A | 413,129 |
| Nutrition Services Incentive Program * | 93.053 | N/A | <u>74,864</u> |
| Subtotal – Aging Cluster | | | <u>517,444</u> |
| Total U.S. Department of Health and Human Services | | | <u>517,444</u> |
| <u>U.S. Department of Transportation</u> | | | |
| Pass-through Texas Department of Transportation: | | | |
| Public Transportation for Nonurbanized Areas | 20.509 | RPT-1702(33)032 | 283,463 |
| | 20.509 | RPT-1802(33)018 | <u>37,218</u> |
| Total CFDA 20.509 | | | <u>320,681</u> |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | ED-1802(18)054 | <u>30,000</u> |
| Subtotal | | | <u>350,681</u> |

SPAN, INCORPORATED

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Agency or Pass-Through Number | Federal Expenditures |
|---|---------------------------|-------------------------------------|-------------------------|
| <u>U.S. Department of Transportation (continued)</u> | | | |
| Pass-through North Central Texas Council of Governments: Federal Transit – Formula Grants (Urbanized Area Formula Program) ** | 20.507 | TX-2017-058-00 | 780,261 |
| Enhanced Mobility of Seniors And Individuals with Disabilities | 20.513 | TX-2017-073-01 | <u>100,407</u> |
| Subtotal | | | <u>880,668</u> |
| Total U.S. Department of Transportation | | | <u>1,231,349</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 1,748,793</u> |

* Clustered Programs – Aging Cluster

** Clustered Programs – Federal Transit Cluster

SPAN, INCORPORATED

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of SPAN, Incorporated ("SPAN") under programs of the federal government for the year ended September 30, 2018. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the operations of SPAN, it is not intended to and does not present the financial position, changes in net assets or cash flows of SPAN.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

SPAN accounts for all awards under federal programs using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. This basis of accounting recognizes revenue in the accounting period in which they are earned, and expenses in the accounting period in which the liability is incurred. Expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable.

