

**SPAN, INCORPORATED**

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2019

## TABLE OF CONTENTS

	<u>Page</u>
 <b>FINANCIAL SECTION</b>	
Independent Auditors' Report.....	1
Statement of Financial Position.....	4
Statement of Activities.....	5
Statement of Cash Flows.....	6
Statement of Functional Expenses.....	7
Notes to the Financial Statements.....	8
 <b>FEDERAL AWARDS SECTION</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	13
Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance In Accordance With the Uniform Guidance.....	15
Schedule of Findings and Questioned Costs.....	17
Schedule of Status of Prior Findings.....	18
Corrective Action Plan.....	19
Schedule of Expenditures of Federal Awards.....	20
Notes to Schedule of Expenditures of Federal Awards.....	22

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**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, 2019, 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, 2019, 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, 2020, 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, 2020

**FINANCIAL SECTION**

**SPAN, INCORPORATED**

STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2019

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 840,184	
Accounts receivable	471,193	
Prepaid expenses	<u>47,228</u>	
Total Current Assets		\$ 1,358,605

Property and equipment:

Land	181,100	
Building	599,323	
Transportation equipment	2,443,551	
Office/Shop furniture and equipment	<u>334,055</u>	
	3,558,029	
Less accumulated depreciation	<u>(2,566,884)</u>	
Net Property and Equipment		<u>991,145</u>

Total Assets		<u><u>\$ 2,349,750</u></u>
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**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts payable	<u>\$ 50,435</u>	
Total Current Liabilities		\$ 50,435

Net Assets:

Without donor restriction	2,299,315	
With donor restriction	<u>-</u>	
Total Net Assets		<u>2,299,315</u>

Total Liabilities and Net Assets		<u><u>\$ 2,349,750</u></u>
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The accompanying notes are an integral part of these financial statements.

**SPAN, INCORPORATED**

STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
Support and Revenue:			
Support			
Contributions	\$ 133,905	\$ -	\$ 133,905
Support from local governments	305,010		305,010
United Way	55,050		55,050
Total Support	<u>493,965</u>	<u>-</u>	<u>493,965</u>
Revenue:			
Transportation grants	1,655,137		1,655,137
Transportation contracts	188,279		188,279
Aging grants	528,996		528,996
Aging contracts	66,287		66,287
Transportation program income	198,143		198,143
Meals program income	26,907		26,907
Miscellaneous	1,518		1,518
Fundraising	9,642		9,642
Interest income	972		972
Total Revenue	<u>2,675,881</u>	<u>-</u>	<u>2,675,881</u>
Net assets released from restrictions:			
Satisfaction of usage restrictions	-	-	-
Total Support and Revenue	<u>3,169,846</u>	<u>-</u>	<u>3,169,846</u>
Expenses:			
Functional Expenses:			
Transportation program	2,337,006		2,337,006
Senior citizen meals and other services	736,840		736,840
Management and general	190,887		190,887
Fundraising	26,990		26,990
Total Expenses	<u>3,291,723</u>	<u>-</u>	<u>3,291,723</u>
Change in net assets	<u>(121,877)</u>	<u>-</u>	<u>(121,877)</u>
Net Assets, Beginning of Year	<u>2,421,192</u>	<u>-</u>	<u>2,421,192</u>
Net Assets, End of Year	<u>\$ 2,299,315</u>	<u>\$ -</u>	<u>\$ 2,299,315</u>

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

**SPAN, INCORPORATED**

STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2019

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Cash Flows From Operating Activities:

Change in net assets	\$ (121,877)	
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	364,058	
Decrease in accounts receivable	195,160	
Decrease in prepaid expenses	20,238	
Increase in accounts payable	<u>6,151</u>	
Net Cash Used By Operating Activities		\$ 463,730

Cash Flows From Investing Activities:

Purchase of property and equipment	<u>(173,038)</u>	
Net Cash Used by Investing Activities		<u>(173,038)</u>

Net increase in cash and cash equivalents	290,692
Cash and cash equivalents - September 30, 2018	<u>549,492</u>
Cash and cash equivalents - September 30, 2019	<u>\$ 840,184</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, 2019

	<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	1,094,763	204,354	142,141	17,098	1,458,356
Payroll taxes	89,228	17,083	11,627	1,399	119,337
Workers compensation ins.	30,425	11,365	4,548	548	46,886
Health insurance	150,395	16,714	18,284	2,199	187,592
Retirement	10,732	2,259	1,421	171	14,583
Travel	-	2,114	-	-	2,114
Occupancy	21,727	7,848	1,918	480	31,973
Insurance	59,781	3,559	1,384	346	65,070
Telephone	5,836	4,777	944	236	11,793
Office expense	9,825	5,437	1,272	424	16,958
Conferences and meetings	5,708	3,478	596	149	9,931
Advertising	1,552	151	-	-	1,703
Professional fees	8,569	3,131	1,040	260	13,000
Computer & equipment expenses	26,877	2,395	2,602	650	32,524
Fundraising expenses	-	-	-	2,692	2,692
Fuel and oil	243,699	-	-	-	243,699
Licensing	7,016	-	-	-	7,016
Vehicle repairs & maintenance	182,076	-	-	-	182,076
Communications	21,258	-	-	-	21,258
Health testing	4,605	-	-	-	4,605
Uniforms	1,212	-	-	-	1,212
Miscellaneous	7,793	2,179	1,760	-	11,732
Cost of meals	-	436,502	-	-	436,502
Equipment maintenance/supplies	-	5,053	-	-	5,053
Total expenses before deprec.	<u>1,983,077</u>	<u>728,399</u>	<u>189,537</u>	<u>26,652</u>	<u>2,927,665</u>
Depreciation of property & equip	<u>353,929</u>	<u>8,441</u>	<u>1,350</u>	<u>338</u>	<u>364,058</u>
Total expenses	<u><u>2,337,006</u></u>	<u><u>736,840</u></u>	<u><u>190,887</u></u>	<u><u>26,990</u></u>	<u><u>3,291,723</u></u>

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

**SPAN, INCORPORATED**

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

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**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:

Net assets without donor restriction - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restriction - 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, net assets with donor restriction are reclassified to net assets without donor restriction 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 and contracts, 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.

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.

# SPAN, INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 organized as a Texas nonprofit corporation and has been recognized by the IRS as exempt from Federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A)(vi) and (viii), and has been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. SPAN is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, SPAN is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that SPAN is not subject to unrelated business income tax and has not filed an Exempt Organization Business Tax Return (Form 990-T) with the IRS.

#### H. Functional Allocation of Expenses

The costs of providing SPAN's various programs and supporting services have been reported on a functional basis in the statement of activities in order to present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## **SPAN, INCORPORATED**

### NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2019

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#### **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 of 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 estimates, and those differences could be material.

K. Changes in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

#### **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, 2019, cash balances at Wells Fargo Bank were \$492,549.

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 \$1,076,955 from TXDOT and \$528,767 from NCTCOG during the year ended September 30, 2019.

SPAN also received \$545,133 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, 2019, SPAN contributed \$14,583 in matching contributions to the plan.

**SPAN, INCORPORATED**

NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019

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**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, 2019 through January 28, 2020, 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.

**NOTE 6 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure without donor restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents-unrestricted	\$	840,184
Accounts receivable		<u>471,193</u>
		<u>1,311,377</u>

**FEDERAL AWARDS SECTION**

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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, 2019, 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, 2020.

### **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, 2020



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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, 2019. 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, 2019.

### **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, 2020

**SPAN, INCORPORATED**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED SEPTEMBER 30, 2019

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**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: Public Transportation for Nonurbanized Areas	20.509
Dollar threshold used for distinguishing between Type A and Type B federal programs?	\$750,000
Auditee qualified as low-risk auditee?	Yes

**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, 2019

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**PROGRAM**

**DESCRIPTION**

No findings were noted in the prior year.

**SPAN, INCORPORATED**

CORRECTIVE ACTION PLAN  
YEAR ENDED SEPTEMBER 30, 2019

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**PROGRAM**

**DESCRIPTION**

None required.

**SPAN, INCORPORATED**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2019

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	088995790	\$ 31,654
Title III, Part C – Nutrition Services *	93.045	088995790	408,787
Nutrition Services Incentive Program *	93.053	088995790	<u>78,225</u>
Subtotal – Aging Cluster			<u>518,666</u>
Total U.S. Department of Health and Human Services			<u>518,666</u>
<u>U.S. Department of Transportation</u>			
Pass-through Texas Department of Transportation:			
Public Transportation for Nonurbanized Areas	20.509	RPT-1701(18)013	9,995
	20.509	RPT-1702(33)032-17	146,000
	20.509	RPT-1802(33)030-18	512,757
	20.509	RPT-1901(26)39-19	<u>51,113</u>
Total CFDA 20.509			<u>719,865</u>
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	ED-1902(18)054	<u>30,000</u>
Subtotal			<u>749,865</u>

**SPAN, INCORPORATED**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED SEPTEMBER 30, 2019

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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	307,201
Federal Transit – Formula Grants (Urbanized Area Formula Program) **	20.507	TX-2017-058-00	160,000
Enhanced Mobility of Seniors And Individuals with Disabilities	20.513	TX-2017-073-01	<u>61,565</u>
Subtotal			<u>528,766</u>
Total U.S. Department of Transportation			<u>1,278,631</u>
Total Expenditures of Federal Awards			<u>\$ 1,797,297</u>

\* Clustered Programs – Aging Cluster

\*\* Clustered Programs – Federal Transit Cluster

**SPAN, INCORPORATED**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2019

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**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, 2019. 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.



