Montemayor Britton Bender PC
CERTIFIED PUBLIC ACCOUNTANTS

AUSTIN AREA URBAN LEAGUE, INC.

INDEPENDENT AUDITOR’S REPORT
AND FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

31 DECEMBER 2019
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Montemayor Britton Bender PC  
CERTIFIED PUBLIC ACCOUNTANTS  

Board of Directors  
Austin Area Urban League, Inc.  

INDEPENDENT AUDITOR’S REPORT  

We have audited the accompanying financial statements of Austin Area Urban League, Inc. (AAUL), a nonprofit organization, which comprise the statement of financial position as of 31 December 2019, and the related statements of activities 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 of 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 judgement, including the assessment of the risk 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 AAUL as of 31 December 2019, and 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
Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards (page 17), 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 taken as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with Government Auditing Standards, we have also issued our report dated 30 October 2020, on our consideration of AAUL’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 the 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 AAUL’s internal control over financial reporting and compliance.

Montemayo Britton Bender PC

30 October 2020
Austin, Texas
AUSTIN AREA URBAN LEAGUE, INC.

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

ASSETS

CURRENT ASSETS
Cash $31,404
Federal awards receivable 34,216
Local awards receivable 195,212
Corporate and other support receivable 18,699
Prepaid expenses and security deposit 8,740

$288,271

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES
Accounts payable $148,841
Accrued liabilities 33,502
Accrued employee benefit plan contribution 37,514
Current portion of debt 44,545
264,402

LONG-TERM DEBT, net of current portion 2,946
267,348

NET ASSETS
Without donor restrictions (140,465)
With donor restrictions 161,388
20,923

$288,271

The accompanying notes are an integral part of this financial statement presentation.
### AUSTIN AREA URBAN LEAGUE, INC.

**STATEMENT OF ACTIVITIES**

**YEAR ENDED 31 DECEMBER 2019**

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal awards</td>
<td>$983,649</td>
<td>$0</td>
<td>$983,649</td>
</tr>
<tr>
<td>Local awards</td>
<td>1,033,858</td>
<td>0</td>
<td>1,033,858</td>
</tr>
<tr>
<td>Special events</td>
<td>159,424</td>
<td>0</td>
<td>159,424</td>
</tr>
<tr>
<td>Corporate and other support</td>
<td>82,962</td>
<td>64,750</td>
<td>147,712</td>
</tr>
<tr>
<td>Other</td>
<td>72,308</td>
<td>0</td>
<td>72,308</td>
</tr>
<tr>
<td>Net assets released from restriction</td>
<td>6,250</td>
<td>(6,250)</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>2,338,451</strong></td>
<td><strong>58,500</strong></td>
<td><strong>2,396,951</strong></td>
</tr>
<tr>
<td><strong>EXPENSE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency Home Repair</td>
<td>1,648,971</td>
<td>0</td>
<td>1,648,971</td>
</tr>
<tr>
<td>Workforce Development</td>
<td>436,759</td>
<td>0</td>
<td>436,759</td>
</tr>
<tr>
<td></td>
<td><strong>2,085,730</strong></td>
<td><strong>0</strong></td>
<td><strong>2,085,730</strong></td>
</tr>
<tr>
<td>Administrative</td>
<td>187,130</td>
<td>0</td>
<td>187,130</td>
</tr>
<tr>
<td>Fundraising</td>
<td>138,720</td>
<td>0</td>
<td>138,720</td>
</tr>
<tr>
<td></td>
<td><strong>2,411,580</strong></td>
<td><strong>0</strong></td>
<td><strong>2,411,580</strong></td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td><strong>(73,129)</strong></td>
<td><strong>58,500</strong></td>
<td><strong>(14,629)</strong></td>
</tr>
<tr>
<td><strong>BEGINNING NET ASSETS</strong></td>
<td><strong>(67,336)</strong></td>
<td><strong>102,888</strong></td>
<td><strong>35,552</strong></td>
</tr>
<tr>
<td><strong>ENDING NET ASSETS</strong></td>
<td><strong>($140,465)</strong></td>
<td><strong>$161,388</strong></td>
<td><strong>$20,923</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this financial statement presentation.
AUSTIN AREA URBAN LEAGUE, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2019

CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>($14,629)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,757</td>
</tr>
<tr>
<td>Change in federal awards receivable</td>
<td>81,944</td>
</tr>
<tr>
<td>Change in local awards receivable</td>
<td>(58,214)</td>
</tr>
<tr>
<td>Change in corporate and other support receivable</td>
<td>(2,649)</td>
</tr>
<tr>
<td>Change in accounts payable</td>
<td>12,172</td>
</tr>
<tr>
<td>Change in accrued liabilities</td>
<td>4,398</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal payments on debt</td>
<td>(20,094)</td>
</tr>
</tbody>
</table>

NET CHANGE IN CASH

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning</td>
<td>26,719</td>
</tr>
<tr>
<td>Ending</td>
<td>$31,404</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this financial statement presentation.
NOTE 1: ORGANIZATION

Austin Area Urban League, Inc. (AAUL) is a corporation organized under the Nonprofit Corporation Act of the State of Texas as of June 1976. The organization exists to provide a variety of social services in the areas of employment, housing, and general welfare for low and moderate-income individuals in the Austin, Texas area.

The following is a description of AAUL's programs for the year ended 31 December 2019:

Home Repair - This is a home repair and rehabilitation program designed for homeowners whose household income meets certain criteria and reside within the Austin area.

Workforce Development - This program provides computer training, employability skills classes, professional development and job placement assistance to unemployed and underemployed individuals. The goal of this program is to develop technological skills of participants in order to create marketable individuals for Austin's high-tech job market. In addition, the Youth Opportunities Program provides training and employment programs for youth both in and out of school. This program is an umbrella for a variety of educational programs designed to educate and enhance the lives of youth, which include the Summer Enrichment Program, the Youth Diversion Program, and the Housing Authority of the City of Austin After School Program. Program services may include all authorized adult services, school-to-work transition services, and alternative high-school services.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH

AAUL is required by a funding source to maintain a separate bank account for the Emergency Home Repair program.

FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. 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:
NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions: Net assets subject to donor (or certain grantor) imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

INCOME TAXES

AAUL is an organization other than a private foundation exempt from Federal income taxes under IRS Code Section 501(c)(3). Therefore, no provision has been made for Federal income taxes in the accompanying financial statements.

AAUL's policy is to record interest and penalty expense related to income taxes as interest and other expense, respectively. At 31 December 2019, no interest or penalties have been or required to be accrued.

CORPORATE AND OTHER SUPPORT

Contributions received (including unconditional promises to give) are recorded at fair value on the date of donation as with donor restrictions or without donor restrictions at fair value in the period received depending on the existence and/or nature of any donors imposed restrictions.

FIXED ASSETS

Fixed asset purchases of $3,000 and greater are recorded at cost. Contributions of fixed assets with estimated useful lives greater than one year are recorded as support at their estimated fair value. At 31 December 2019 all fixed assets have been fully depreciated.

Depreciation on fixed assets is calculated using the straight-line method over estimated useful lives of the respective assets, ranging from 3 to 10 years. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reflected as an increase or decrease in net assets without donor imposed restrictions.
NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FEDERAL AND LOCAL AWARDS

Unconditional grants and pledges are recorded as revenue and receivable at fair value on the date of the award. Government grants are recognized as revenue as services are performed as required by the contracts.

RECEIVABLES

AAUL has not recorded an allowance for uncollectible accounts against the award or support receivable balances because the receivables are considered to be 100% collectible. All receivables on the statement of financial position are due within the next fiscal year. AAUL estimates allowances for doubtful accounts by evaluating the creditworthiness, the historical collections, and the aging of the accounts. Once an account is deemed uncollectible, it is written off. Receivables are considered delinquent based on how recently payments have been received.

FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, some expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll and related, award and ceremonies, insurance, travel, IT and computer, professional fees, depreciation, and other, which are allocated based on estimates of time and effort by personnel, as well as rent, which is based on estimates of usage of space.

SUBSEQUENT EVENTS

AAUL has evaluated subsequent events for disclosure through the date of the Independent Auditor’s Report, the date the financial statements were available to be issued.

NOTE 3: CONTINGENCY

AAUL receives grants for specific purposes that are subject to grantor review. Such reviews could result in a request for reimbursement by the grantor if unallowable costs are identified.

NOTE 4: CONCENTRATIONS

Funding from the City of Austin accounted for 43% of AAUL’s total revenue and the related receivable amounted to 92% of total receivables for the year ended 31 December 2019.
NOTE 5: RELATED PARTY TRANSACTIONS

During the year, AAUL received approximately $83,000 in contributions from the Board of Directors and organizations associated with the Board of Directors.

NOTE 6: LEASES

AAUL leases office space under an operating lease which will expire in January 2024. Total office rent expense for the year ended 31 December 2019 amounted to approximately $88,000. Future minimum lease payments under the lease are:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>$87,736</td>
</tr>
<tr>
<td>2021</td>
<td>95,261</td>
</tr>
<tr>
<td>2022</td>
<td>95,945</td>
</tr>
<tr>
<td>2023</td>
<td>99,415</td>
</tr>
<tr>
<td>2024</td>
<td>8,342</td>
</tr>
</tbody>
</table>

**Total:** $386,699

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Purpose restrictions at year end:

Computer Club $40,163
Education Advocacy 25,000
First Time Home Buyer Program 23,416
Community Investment 18,750
High School Redesign Program 17,064
Workforce Development Program 15,086
Project Ready 14,750
Music and Arts Program 7,159

**Total:** $161,388

Satisfaction of purpose restrictions:

Community Investment $6,250
NOTE 8: CASH TO COMPLY WITH DONOR RESTRICTIONS

Cash available $31,404
Net assets with donor restrictions (161,388)
($129,984)

NOTE 9: EMPLOYEE BENEFIT PLAN

On 1 October 1985, AAUL established a defined contribution benefit plan under section 403(b) of the Internal Revenue Code for employees that have attained one year of service. The Plan is administered by Mutual of America. At the inception of the Plan, AAUL was required to match 7% of eligible employees’ annual salary. During 2008, AAUL stopped making payments to the Plan. On 1 April 2010, the Plan was amended to discontinue employer contributions. At year-end, $37,514 is payable to Mutual of America for employer matching contributions relating to the years 2008 through 2010.

NOTE 10: DEBT

AAUL entered into a note payable to J.P. Morgan Chase during October 2012 with monthly payments of $2,021 at an interest rate of 8%. This note was secured by all fixed assets and cash. In April 2013, AAUL renegotiated this note to reduce the monthly payments to $1,000 per month until the balance is paid in full and 0% interest. At 31 December 2019, the balance of this note was $14,946.

In 2018, AAUL entered into an agreement with BCL of Texas for a line of credit of $100,000 at a fixed interest rate of 7.5% with monthly payments of $650. At 31 December 2019, the outstanding balance was approximately $30,000. This line of credit matures on 15 August 2021.

The debt maturities are:

2020 $44,545
2021 2,946

$47,491
NOTE 11: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year from the statement of financial position date, comprise the following:

- Cash and cash equivalents: $31,404
- Federal awards receivable: 34,216
- Local awards receivable: 195,212
- Corporate and other support receivable: 18,699
- Less: donor restricted net assets: (161,388)
- Total available assets: $118,143

As a part of AAUL’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from AAUL’s operating accounts.

As described in Note 11, AAUL has an existing line of credit with BCL of Texas in the amount of $100,000, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 12: SUBSEQUENT EVENT

Subsequent to year end, AAUL received a $171,503 loan from the Small Business Administration as part of Coronavirus Aid, Relief and Economic Security Act’s Paycheck Protection Plan. The loan is unsecured, nonrecourse, accrues interest at one percent per annum. Under the terms of the loan, a portion or all of the loan is forgivable to the extent that the loan proceeds are used to fund qualifying payroll, rent, and utilities during a designated 24 week period.
### NOTE 13: FUNCTIONAL EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Home Repair</th>
<th>Workforce Development</th>
<th>Total Program</th>
<th>Administrative</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll and related</td>
<td>$468,215</td>
<td>$326,442</td>
<td>$794,657</td>
<td>$106,688</td>
<td>$23,901</td>
<td>$925,246</td>
</tr>
<tr>
<td>Go Bond - home repair contractors</td>
<td>542,333</td>
<td>0</td>
<td>542,333</td>
<td>0</td>
<td>0</td>
<td>$542,333</td>
</tr>
<tr>
<td>EHR - home repair contractors</td>
<td>474,014</td>
<td>0</td>
<td>474,014</td>
<td>0</td>
<td>0</td>
<td>$474,014</td>
</tr>
<tr>
<td>Rent</td>
<td>50,833</td>
<td>23,757</td>
<td>74,590</td>
<td>20,972</td>
<td>143</td>
<td>95,705</td>
</tr>
<tr>
<td>Awards and ceremonies</td>
<td>234</td>
<td>63</td>
<td>297</td>
<td>23</td>
<td>71,889</td>
<td>72,209</td>
</tr>
<tr>
<td>Insurance</td>
<td>25,989</td>
<td>23,090</td>
<td>49,079</td>
<td>6,909</td>
<td>135</td>
<td>56,123</td>
</tr>
<tr>
<td>Professional fees</td>
<td>219</td>
<td>59</td>
<td>278</td>
<td>11,708</td>
<td>27,138</td>
<td>39,124</td>
</tr>
<tr>
<td>Education job placement</td>
<td>0</td>
<td>33,825</td>
<td>33,825</td>
<td>0</td>
<td>0</td>
<td>33,825</td>
</tr>
<tr>
<td>Bad debt</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>25,497</td>
<td>0</td>
<td>25,497</td>
</tr>
<tr>
<td>IT and computer</td>
<td>12,610</td>
<td>5,584</td>
<td>18,194</td>
<td>3,215</td>
<td>2,491</td>
<td>23,900</td>
</tr>
<tr>
<td>Travel</td>
<td>12,284</td>
<td>1,301</td>
<td>13,585</td>
<td>533</td>
<td>533</td>
<td>14,651</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,212</td>
<td>324</td>
<td>1,536</td>
<td>118</td>
<td>102</td>
<td>1,756</td>
</tr>
<tr>
<td>Other</td>
<td>61,028</td>
<td>22,314</td>
<td>83,342</td>
<td>11,467</td>
<td>12,388</td>
<td>107,197</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,648,971</strong></td>
<td><strong>$436,759</strong></td>
<td><strong>$2,085,730</strong></td>
<td><strong>$187,130</strong></td>
<td><strong>$138,720</strong></td>
<td><strong>$2,411,580</strong></td>
</tr>
</tbody>
</table>
Board of Directors
Austin Area Urban League, Inc.

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

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 Austin Area Urban League, Inc. (AAUL) which comprises of the statement of financial position as of 31 December 2019, and the related statements of activities, and cash flows for the year then ended, and the notes to the financial statements, and have issued our report thereon dated 30 October 2020.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered AAUL’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 AAUL’s internal control. Accordingly, we do not express an opinion on the effectiveness of AAUL’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 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 AAUL'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 the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

30 October 2020
Austin, Texas
Board of Directors
Austin Area Urban League, Inc.

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

Report on Compliance for Each Major Federal Program
We have audited Austin Area Urban League, Inc.’s (AAUL) compliance with the types of compliance
requirements described in the OMB Compliance Supplement that could have a direct and material effect on
each of AAUL’s major federal programs for the year ended 31 December 2019. AAUL’s major federal
programs are identified in the summary of auditor’s results section of the accompanying schedule of findings
and questioned costs.

Management’s Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions
of its federal awards applicable to its federal programs.

Auditor’s Responsibility
Our responsibility is to express an opinion on compliance for each of AAUL’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, Cost 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 AAUL’s compliance with those
requirements and performing such other procedures as we considered necessary in the circumstances. We
believe 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 AAUL’s compliance.

Opinion on Each Major Federal Program
In our opinion, AAUL 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 31 December 2019.

Report on Internal Control Over Compliance
Management of AAUL 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 AAUL’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 AAUL’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 the 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 the testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Montemayor Britton Bender PC

30 October 2020
Austin, Texas
# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**YEAR ENDED 31 DECEMBER 2019**

<table>
<thead>
<tr>
<th>Federal Grantor/ Pass-Through Grantor/</th>
<th>Federal CFDA Number</th>
<th>Pass-Through Grantor's Number</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Title</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Department of Housing and Urban Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed Through the City of Austin, Texas Community Development Block Grant Programs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emergency Home Repair Program</td>
<td>14.218</td>
<td>N/A</td>
<td>$960,962</td>
</tr>
<tr>
<td>U.S. Department of Health and Human Service</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Passed Through the Texas Workforce Commission</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary Assistance for Needy Families</td>
<td>93.558</td>
<td>NA</td>
<td>22,687</td>
</tr>
</tbody>
</table>

**Total Expenditures:** $983,649

**NOTE 1:** This schedule is prepared using the same accounting policies as the financial statements. See the notes to the financial statements on pages 6-12.

**NOTE 2:** AAUL did not elect to use the 10% de minimis indirect cost rate.

See independent auditor's report.
AUSTIN AREA URBAN LEAGUE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
31 DECEMBER 2019

A. SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None noted

Significant deficiency(ies) identified that are not considered material weakness(es)? None noted

Noncompliance material to financial statements noted? None noted

FEDERAL AWARDS

Internal controls over major programs:

Material weakness(es) identified? None noted

Significant deficiency (ies) identified that are not considered material weakness(es)? None noted

Type of auditor’s report issued on compliance with major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? None noted

Major Programs:

Emergency Home Repair Program CFDA #14.218

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

Auditee qualified as a low-risk auditee? No

B. FINANCIAL STATEMENT FINDINGS

Current year

Prior year

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

None noted

None noted

See independent auditor’s report.