



TRACY ANDRUS FOUNDATION

AUDITED FINANCIAL STATEMENTS AND SCHEDULE OF
FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER
31, 2022

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TRACY ANDRUS FOUNDATION
AUDITED FINANCIAL STATEMENTS AND SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tracy Andrus Foundation

Report on the Audit of the Financial Statements

Opinion

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Tracy Andrus Foundation as of December 31, 2022, 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.

Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Tracy Andrus Foundation and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tracy Andrus Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tracy Andrus Foundation’s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 26, 2023, on my consideration of Tracy Andrus Foundation’s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tracy Andrus Foundation’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tracy Andrus Foundation’s internal control over financial reporting and compliance.

Christopher A. Turner PLLC CPA

Christopher A. Turner PLLC CPA
September 26, 2023

TRACY ANDRUS FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

	2022
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 100
TOTAL CURRENT ASSETS	100
PROPERTY AND EQUIPMENT	
Automobiles	6,254
Office Furniture and Equipment	33,427
Less Accumulated Depreciation	(8,516)
NET PROPERTY AND EQUIPMENT	31,165
TOTAL ASSETS	\$ 31,265
LIABILITIES AND NET ASSETS	
CURRENT LAIBILITIES	
Due to Officers	\$ 17,141
Bank Overdraft	5,747
Accrued Liabilities	2,195
TOTAL CURRENT LIABILITIES	25,083
TOTAL LIABILITIES	25,083
NET ASSETS	
Without Donor Restrictions	
Net Assets	6,182
TOTAL NET ASSETS	6,182
TOTAL LIABILITIES AND NET ASSETS	\$ 31,265

See Independent Auditor's Report and Accompanying Notes to the Financial Statements

TRACY ANDRUS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	WITHOUT DONOR RESTRICTIONS	TOTAL
REVENUES, GAINS, AND OTHER SUPPORT		
Grants	\$ 1,100,063	\$ 1,100,063
Contributions-In-Kind	48,000	48,000
Contributions	390	390
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	1,148,453	1,148,453
EXPENSES		
Program Expenses	1,233,296	1,233,296
Management Expenses	184,075	184,075
TOTAL EXPENSES	1,417,371	1,417,371
Changes in Net Assets	(268,918)	(268,918)
Net Assets at Beginning of Year	275,100	275,100
NET ASSETS AT YEAR END	\$ 6,182	\$ 6,182

See Independent Auditor's Report and Accompanying Notes to the Financial Statements

TRACY ANDRUS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	PROGRAM EXPENSES	MANAGEMENT EXPENSES	TOTAL EXPENSES
COMPENSATION AND RELATED EXPENSES			
Compensation Officers, Directors, and Key Employees	\$ 18,436	\$ 27,654	\$ 46,090
Other Salaries and Wages	371,178	-	371,178
Payroll Taxes	30,195	3,793	33,988
	419,809	31,447	451,256
EXPENSES AND LOSSES			
Fees for Services	-	13,550	13,550
Advertising and Promotion	-	440	440
Office Expenses	-	21,253	21,253
Occupancy	-	99,291	99,291
Depreciation	-	5,954	5,954
Other Expenses	813,487	12,140	825,627
	813,487	152,628	966,115
TOTAL EXPENSES	813,487	152,628	966,115
TOTAL EXPENSES	\$ 1,233,296	\$ 184,075	\$ 1,417,371

See Independent Auditor's Report and Accompanying Notes to the Financial Statements

TRACY ANDRUS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in Net Assets	\$ (268,918)
Adjustments to Reconcile Changes In Net Assets	
Net Cash Provided by (Used in) Operating Activities:	
Depreciation	5,954
Decrease (Increase) in Operating Assets:	
Accounts Receivable	303,387
Increase (Decrease) in Operating Liabilities:	
Accrued Liabilities	
Bank Overdrafts	5,747
Due to and From Related Parties Short-term	17,141
Accrued Expenses	(61,871)
	270,358
Total Adjustments	270,358
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,440
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital Expenditures	(11,960)
Net Cash (Used In) Investing Activities	(11,960)
Net (Decrease) in Cash and Cash Equivalents	(10,520)
Beginning Cash and Cash Equivalents	10,620
Ending Cash and Cash Equivalents	\$ 100

See Independent Auditor's Report and Accompanying Notes to the Financial Statements

TRACY ANDRUS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Note (1) Summary of Significant Accounting Policies

Nature of Operations

Tracy Andrus Foundation (the Organization) is a nonprofit corporation, which is tax exempt under section 501(c)(3) of the Internal Revenue Code. The purpose of this organization is to assist the needy vulnerable populations in the state of Texas and its surrounding areas by providing low-income housing, financial support, emergency shelters, and other charitable support to those in need. Membership is by invitation only and is reserved for those interested in providing necessary aid to members in the community.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. The Organization currently has only without donor restrictions net assets.

Contributions

Contributions received are recorded as with or without donor restrictions support depending on the existence and/or nature of any donor restrictions.

Contributions, including unconditional promises to give are recorded as made. All contributions are available for use unless specifically restricted by the donor. It is the Organization's intent that Conditional Promises to Give are recognized when the conditions on which they depend are substantially met. It is the Organization's intent that Unconditional Promises to Give that are due in the next year are recorded at their net realizable value. The Organization did not have any Conditional or Unconditional Promises to Give which required recognition as of December 31, 2022.

Certain contributed services, goods, and property are recorded at fair market value at the date of receipt. The value of the contributed services, goods, and property is also included as a management and general expense in the statement of activities. The Organization had contributed use of property free of rent as of December 31, 2022 from a related party (see note 4 for related party transactions).

Grants

The Organization's grant revenues are derived from cost reimbursable federal and local contracts and grants, which are conditioned upon meeting certain performance requirements and and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred the expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring the expenditures are reported as advances in the statement of financial position when they occur. As of December 31, 2022, the Organization had no such advances. The Organization considers all of its grants to be exchange transactions and not contributions. The Organization recognizes revenue from these transactions as services are rendered or expenses incurred.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expense was \$440 for the year ended December 31, 2022.

Property and Equipment

The Organization's policy is to capitalize property and equipment with an original cost of more than \$1,000. All items of property and equipment are stated at cost. Donated assets are valued at their fair market value on the date of the receipt of the asset. The Organization recognizes depreciation using the straight-line methods with the following estimated useful lives:

	<u>YEARS</u>
Automobiles	5
Office Furniture and Equipment	5 - 7

Use of 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.

Cash Flows

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Functional Allocation of Expenses

The costs of providing the various programs and other activities 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.

Concentration of Credit Risks

Deposits in financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2022, the Organization had no cash balances more than the insured limit.

Receivables

The Organization believes that all receivables are collectible. The Organization uses the direct write-off method for any uncollectible receivables based on prior historical collections and does not consider this method a violation of generally accepted accounting principles. The Organization had no receivable balances as of December 31, 2022.

Note (2) Compensated Absences

The Organizations accrues compensated absences for sick pay, personal days, and vacation during the year and payments paid to employees reduces the payable throughout the year. Any unused vacation pay is accrued up to 160 hours or 20 days. As of December 31, 2022, the Organization had no compensated absences to accrue.

Note (3) Liquidity and Availability of Financial Assets

The Organization has (\$24,983) of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash \$100 less accrued expenses of \$25,083.

Note (4) Related Party Transactions

The Organization is provided the use of its facilities rent free from Dr. Tracy Andrus, the CEO/President of the Organization. The Organization recognizes contributions-in-kind with a related revenue and expenditure/asset when donated services, materials, and facilities are received. As of December 31, 2022, the Organization recognized \$48,000 in rental expenditure and contributions-in-kind revenues for the use of the facility.

The Organization receives and repays advances from the Executive Director through the year. The Executive Director is the primary person responsible for creating the organization from its inception. During the year, the Executive Director loaned the Organization \$268,064 and has been repaid \$250,923. These loans are non-interest-bearing advances, and no interest has been paid for. The Organization had a balance of \$17,141 due to the Executive Director as of December 31, 2022.

Note (5) Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and accordingly, there are no provisions for income taxes. Generally accepted accounting principles require the disclosure of any likelihood that credits and certain tax positions may not be upheld in case of a federal agency audit adjustment. Income determined to be Unrelated Business Taxable Income (UBTI) would be taxable.

The Organization evaluates its uncertain tax positions, if any, on a continual basis through review of their policies and procedures, review of their regular tax filings, and discussions with outside experts. The Organization believes that they have appropriate support for any tax positions taken. As of December 31, 2022, the Organization has no such items that need to be accounted for or disclosed in the financial statements.

The Organization's federal Return of Organizations Exempts from Income Tax (Form 990) for fiscal years 2021, 2020, and 2019 are subject to examination by the IRS, generally three years after they were filed. As of the date of this report, 2022 Form 990 has been or will be filed.

Note (6) Accrued Expenses

As of December 31, 2022, the Organization had accrued expenses of \$2,195. The accrued expenses are made up of payroll liabilities in the amount of \$2,195.

Note (7) COVID-19

Since December 31, 2019, the Spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long and indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and significant weakening. Governments and banking institutions have responded with monetary and fiscal interventions to stabilize economic conditions.

The potential effect on the Organization because of the COVID-19 epidemic could be a reduction in individual and business donations which would be received in the 2022 fiscal year end due to restrictions mandated by the state governors implementing travel bans in order to maintain social distancing.

The Organization has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2022 have not been adjusted to reflect the impact. The durations and impact of the COVID-19 pandemic, as well as the effectiveness of government and banking institutions, remains unclear currently. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization's future periods.

Note (8) Cost Allocation

Certain categories of expenses that are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated based on the classification of each staff member.

Note (9) Program Expenses

Expenses for the Organization's major program activities for the year ended December 31, 2022 were Mortgage Assistance, Rental Assistance, Supportive Services, Utilities Assistance, and Contract Labor in the amounts of \$137,940, \$638,628, \$10,791, \$22,903, and \$3,225, respectively. These expenses are classified as other expenses on the statement of functional expenses under the program expense column.

Note (10) Subsequent Events

The Organization has reviewed its records to determine if there should be any disclosure of events that has occurred as of the date of release of these financial statements. Based on the Organizations review for subsequent events, the Organization has determined that there are no items which need to be recorded in the financial statements as of December 31, 2022. These financial statements were made available as of September 26, 2023.

TRACY ANDRUS FOUNDATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>United States Department of Housing and Urban Development</u>				
Passed through from City of Marshall, TX Rent and Utility Assistance	14.218	B20MW480034-CV	-	25,000
Passed through from Texas Department of Housing and Community Affairs COVID - 19 Community Development Block Grant	14.228	B-20-DW-48-0001	-	138,331
Passed through from Texas Department of Housing and Community Affairs COVID 19 - Emergency Solutions Grants Program	14.231	E-20-DW-48-0001	-	1,200,086
Total Expenditures of Federal Awards				<u>1,363,417</u>

The Accompanying Notes are an Integral Part of This Schedule

TRACY ANDRUS FOUNDATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

1. The accompanying schedules of expenditures of federal awards (the Schedule) includes the federal award activity of Tracy Andrus Foundation (Organization) under programs of the federal government for the year ended December 31, 2022.

The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position or cash flows of the Organization.

2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. The Organization has reviewed its records to determine if there should be any disclosure of events that have occurred as of the date of release of the Schedule. Based on the Organizations review for subsequent events, the Organization has determined that there are no items which need to be recorded in the Schedule as of December 31, 2022. The Schedule was made available as of September 26, 2023.

Christopher A. Turner, PLLC CPA

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

To the Board of Trustees of
Tracy Andrus Foundation

I 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 Tracy Andrus Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated September 26, 2023.

Report on Internal Control over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tracy Andrus Foundation's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Christopher A. Turner PLLC CPA

Christopher A. Turner PLLC CPA

September 26, 2023

Christopher A. Turner, PLLC CPA

5411 Plaza Drive, Suite F Box 8

Texarkana, TX 75503

Office 903-280-7409

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

To the Board of Directors of
Tracy Andrus Foundation

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Tracy Andrus Foundation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Tracy Andrus Foundation's major federal programs for the year ended December 31, 2022. Tracy Andrus Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Tracy Andrus Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

I conducted my 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Tracy Andrus Foundation and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Tracy Andrus Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Tracy Andrus Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Tracy Andrus Foundation's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Tracy Andrus Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding

Tracy Andrus Foundation's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.

- Obtain an understanding of Tracy Andrus Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Tracy Andrus Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Christopher A. Turner PLLC CPA

Christopher A. Turner PLLC CPA
September 26, 2023

Current Audit Matters – Financial Statements

No matters reportable.

Current Audit Matters – Federal Award Findings

No matters reportable.

TRACY ANDRUS FOUNDATION
SUMMARY SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Financial Statements Findings

No matters were reportable.

Findings and Question Costs related to Federal Awards:

No matters were reportable.