SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARY

Consolidated Financial Statements

December 31, 2021

Independent Auditor's Report

To the Board of Directors
San Antonio Clubhouse, Inc. and Subsidiary
San Antonio, Texas

Opinion

We have audited the accompanying financial statements of San Antonio Clubhouse, Inc. and its Subsidiary (a nonprofit corporation) which comprise the consolidated statement of financial position as of and for the year ended December 31, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flow for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Clubhouse, Inc. and its Subsidiary as of December 31, 2021, and the changes in net assets and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Antonio Clubhouse, Inc. and its Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

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 San Antonio Clubhouse, Inc. and its Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

1100 N.E. Loop 410, Suite 350 San Antonio, TX 78209 | P: 210-684-1071 | F: 210-684-8983 | www.wsmtexas.com
33000 U.S. Hwy 281 N. Suite 4 Bulverde, TX 78163 | P: 830-980-7655 | F: 830-438-7657 | www.wsmtexas.com

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 our 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 GAAS 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 GAAS, we:

- 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 San Antonio Clubhouse, Inc. and its Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Antonio Clubhouse, Inc. and its Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Schedule I and II are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2022, on our consideration of San Antonio Clubhouse, Inc. and its Subsidiary'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 San Antonio Clubhouse, Inc. and its Subsidiary's internal control over financial reporting and compliance.

Williams, Steinert, Mask

Williams, Steinert, Mask, LLP
San Antonio, Texas
August 8, 2022

SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARY
Consolidated Statement of Financial Position
December 31, 2021

Current assets:		
Cash and cash equivalents	$	1,306,405
Grants receivable		213,658
Prepaid expenses		1,456
Total Current Assets		1,521,519
Property and equipment, net		2,033,191
Total Assets	$	3,554,710
Current liabilities:		
Accounts payable	$	38,638
Accrued expenses		12,514
Deferred revenue		54,000
Current portion of long-term debt		5,091
Total Current Liabilities		110,243
Long-term debt		497,345
Total Liabilities		607,588
Net assets:		
Without donor restrictions		2,512,976
With donor restrictions		434,146
Total Net Assets		2,947,122
Total Liabilities and Net Assets	$	3,554,710

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

SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARY
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Grants	$ 1,236,423	178,000	1,414,423
Contributions	22,102	-	22,102
Program revenue			
Mental Health	55,194	-	55,194
Social Enterprise	100,028	-	100,028
Special events	17,350	-	17,350
Rental income	68,703	-	68,703
In-kind revenue	22,733	-	22,733
Interest income	2,583	-	2,583
Other income	5,170	-	5,170
	1,530,286	178,000	1,708,286
Assets released from restriction	338,561	(338,561)	-
Total revenues and support	1,868,847	(160,561)	1,708,286
Expenditures			
Program services			
Mental Health	1,307,145	-	1,307,145
Social Enterprise	178,781	-	178,781
General and administrative	264,531	-	264,531
Fundraising	10,580	-	10,580
Total expenditures	1,761,037	-	1,761,037
Change in net assets	107,810	(160,561)	(52,751)
Net assets at beginning of year	2,405,166	594,707	2,999,873
Net assets at end of year	$ 2,512,976	434,146	2,947,122

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

SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARY
Consolidated Statement of Cash Flow
Year Ended December 31, 2021

Cash flows from operating activities	
Cash received from support	$ 1,651,721
Cash payments for services	(661,633)
Payments to employees for services	(1,075,920)
Net cash used by operating activities	(85,832)
Cash flows from capital and related financing activities	
Increase on note payable	348,349
Interest paid	(9,306)
Purchase of property & equipment	(48,969)
Net cash provided by capital and related financing activities	290,074
Cash flows from investing activities	
Interest income	2,583
Net cash provided by investing activities	2,583
Net increase (decrease) in cash and cash equivalents	206,825
Beginning cash and cash equivalents	1,099,580
Ending cash and cash equivalents	$ 1,306,405
Reconciliation of change in net assets	
used by operating activities	
Change in net assets	$ (52,751)
Adjustments to reconcile change in net assets provided (used) by operating activities:	
Depreciation	71,250
Interest income	(2,583)
Interest paid	9,306
Changes in operating assets and liabilties	
Decrease (increase) in assets:	
Grants receivable	(108,529)
Prepaid expenses	547
Increase (decrease) in liabilities:	
Accounts payable	(11,509)
Accrued expenses	(45,563)
Deferred revenue	54,000
Net cash used by operating activities	$ (85,832)

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

SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARY
Consolidated Schedule of Functional Expenses
Year Ended December 31, 2021

	Programs					
	Mental Health	Social Enterprise	Total Programs	General and Administrative	Fundraising	Total
Payroll expenses						
Salaries and wages	$ 650,517	139,057	789,574	88,716	8,872	887,162
Employee Benefits	59,187	7,143	66,330	7,453	745	74,528
Payroll taxes	59,265	1,849	61,114	6,867	686	68,667
Total Payroll Expenses	768,969	148,049	917,018	103,036	10,303	1,030,357
Operating expenses						
Advertising	1,414	628	2,042	-	-	2,042
Advocacy expenses	1,500	-	1,500	-	-	1,500
Bank fees	-	-	-	1,517	-	1,517
Depreciation	64,125	-	64,125	7,125	-	71,250
Dues and subscriptions	-	-	-	13,349	-	13,349
Equipment expense	6,427	217	6,644	-	-	6,644
Grant program expense	277,674	-	277,674	-	-	277,674
In-Kind expense	22,733	-	22,733	-	-	22,733
Insurance	13,373	2,288	15,661	824	-	16,485
Interest	-	-	-	9,306	-	9,306
Member services	625	-	625	-	-	625
Miscellaneous	158	-	158	17	-	175
Nutrition costs and supplies	28,112	-	28,112	-	-	28,112
Postage and shipping	638	11	649	72	-	721
Printing and copying	4,645	65	4,710	554	277	5,541
Professional fees	-	-	-	113,730	-	113,730
Property taxes	9,727	-	9,727	1,081	-	10,808
Repairs and maintenance	19,325	1,324	20,649	2,294	-	22,943
Supplies	14,605	1,087	15,692	1,743	-	17,435
Technology expense	4,175	22,045	26,220	2,913	-	29,133
Training	8,184	1,067	9,251	-	-	9,251
Travel	11,068	222	11,290	1,254	-	12,544
Utilities	45,622	105	45,727	5,081	-	50,808
Vehicle expense	4,046	1,673	5,719	635	-	6,354
Total operating expense	538,176	30,732	568,908	161,495	277	730,680
Total expenditures	**$ 1,307,145**	**178,781**	**1,485,926**	**264,531**	**10,580**	**1,761,037**

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

1) Organization

San Antonio Clubhouse, Inc. (the Clubhouse) and its Subsidiary are nonprofit organizations. The Clubhouse provides its members who suffer from schizophrenia, bipolar disorder, major depression, or other serious mental illnesses with a place to regain their self-worth, purpose, and confidence through various volunteer work activities.

The San Antonio Clubhouse Foundation (the Foundation) is a program managed by the Clubhouse and designed to provide the following services for the benefit of the Clubhouse: I) receive and accept gifts, bequests and contributions of money or other property; II) hold, invest, manage and administer property and III) distribute the property to or for the benefit of the Clubhouse.

Mental Health Program – The Mental Health Program is made of the Connection Center, Work-Ordered Day, PeerForce and Clubhouse Texas. The Connection Center provides services for the community and partner sites around Texas training Peer Support Specialists. Work-Ordered Day works to provide support both upstream and downstream of a mental health crisis. The peer-led approach to wellness offers genuine support in recovery after a crisis and understands how to keep you healthy afterwards. Clubhouse Texas is dedicated to providing resources that empower Texas communities to develop low-cost, community-driven mental health programs, called Clubhouses. This is done through collaboration with state and national mental health organizations, advocacy and mentorship. PeerForce is a joint project with Centralized Training Infrastructure (CTI) at UT Health Science Center San Antonio. We provide support to the entire Peer ecosystem in the state of Texas, including the Peers themselves, the communities where they live, and the organizations that train and employ them.

Social Enterprise Program – The Social Enterprise Program, also known as Flourish provides support to over 30 Clubhouses with the Work-Ordered Day database design by the San Antonio Clubhouse. The program has developed a database built for clubhouses and can be tailored to meet specific needs of different clubhouses. In addition, the San Antonio Clubhouse provides training and support to assist Clubhouses in using the database.

2) Summary of Significant Accounting Policies

Basis of Presentation and Accounting

The following consolidated statements of San Antonio Clubhouse, Inc. (the Clubhouse) and its Subsidiary have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

The Clubhouse is required to report information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions. These classes are as follows:

> Net Assets Without Donor Restrictions – Net assets without donor-imposed restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes.
>
> Net Assets With Donor Restrictions – Net assets with donor restrictions are those whose use is limited by donor imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expirations of restrictions on net assets are reported as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on other assets or liabilities are reported as increase or decrease in net assets without restrictions unless their use is restricted by explicit donor stipulations or by law.

2) Summary of Significant Accounting Policies (Continued)

Principles of Consolidation

The accompanying consolidated financial statements include consolidated activity and accounts of the Clubhouse and The San Antonio Clubhouse Foundation. All significant intercompany transactions and balances have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid interest-bearing depository and money market accounts. The Clubhouse considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents unless subject to long-term restrictions or held temporarily until suitable investments are identified.

Pledges and Accounts Receivable

Contributions are recognized when the donor makes a promise to give a contribution to the organization that is in substance, unconditional. Accounts receivable primarily consists of promises to give.

No provision has been made for uncollectible promises to give and accounts receivable as of the statement of financial position date, given that none have been identified.

Fair Value Measurements

Generally accepted accounting principles define fair value and establish a framework for measuring fair value. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. Fair value is reported using a three-tier hierarchy as mandated by Generally Accepted Accounting Principles. The three levels of inputs used to measure fair value are as follows:

> Level 1: Inputs that are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
>
> Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
>
> Level 3: Inputs that are unobservable for the asset or liability.

A financial instrument's level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amount of cash and cash equivalents, pledges and other receivable, accounts payable and accrued expense approximates fair market value due to the short-term maturities of investments

The Clubhouse does not have Level 2 or Level 3 assets or liabilities.

Simultaneous Release

The Clubhouse has elected to report donor-restricted contributions whose restrictions are met in the same reporting period as the revenue is recognized as support within net assets without donor restrictions.

2) Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Net of Depreciation)

Property and equipment are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements which add substantial life are capitalized and are depreciated over their remaining useful lives using the straight-line method as follows:

	Est. Depreciable Life
Buildings	40 Yrs.
Equipment & Furniture	3-7 Yrs.
Vehicles	5 Yrs.

Revenues and Performance Obligations

In accordance with ASC 606-10-50-13, the Clubhouse is required to include disclosure on its remaining performance obligations as of the end of the current reporting period. Due to the nature of the contracts in the Clubhouse's contracts, these reporting requirements are not applicable. The majority of the Company's remaining contracts meet certain exemptions as defined in ASC 606-10-50-14 through 606-10-50-14A, including (i) performance obligation is part of a contract that has an original expected duration of one year or less; (ii) the right to invoice practical expedient; and (iii) variable consideration related to unsatisfied performance obligations that is allocated entirely to a wholly unsatisfied promise to transfer a distinct service that forms part of a single performance obligation, and the terms of that variable consideration relate specifically to our efforts to transfer the distinct service, or to a specific outcome from transferring the distinct service. For the Clubhouse's contracts that pertain to these exemptions: (i) the remaining performance obligations primarily relate to the providing Flourish systems; (ii) the estimated remaining duration of these performance obligations ranges from the remainder of the current calendar year to one year; and (iii) no variable consideration for these contracts currently exists.

Functional Expenses

Operating expenses directly identifiable with a functional area are charged to that area and, where expenses affect more than one area, they are allocated on the basis of ratios determined by management.

Estimates

The preparation of consolidated 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.

2) Summary of Significant Accounting Policies (Continued)

Income Taxes

The Clubhouse and its subsidiary are a not-for-profit organization that is exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code. All entities are exempt from federal income taxes, but must file Form 990 to comply with its federal tax reporting obligation. All Clubhouse filings with the Internal Revenue Service are current.

Adoption of New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes the existing guidance for accounting leases under *Topic 840, Leases.* The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842. ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842,* ASU 2018-10, *Codification Improvements to Topic 842, Leases,* and ASU 2019-01, *Leases (Topic 842), Targeted Improvements,* ASU 2018-20, *Narrow-scope Improvements for Lessors,* and ASU 2019-01, *Leases (Topic 842), Codification Improvements.* The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases greater than one year on the statement of financial position.

The Clubhouse elected to adopt these ASUs effective January 1, 2021. The adoption had no impact on the Clubhouse's statement of financial position and statement of activities since all current leases are one year or less.

3) Liquidity

The Clubhouse's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2021
Cash and cash equivalents	$1,306,405
Grant receivables	213,658
	1,520,063
Restricted net assets	(434,146)
Financial assets available within one year to meet cash needs for general expenditures within one year	$1,085,917

4) Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2021 consisted of $434,146 and will become available when restrictions are met.

Net Assets with Donor Restrictions are restricted for the following purposes:

Time	$	28,000
UT Grant		307,159
Building		98,987
Total Restricted	$	434,146

5) Concentration of Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Clubhouse's deposits may not be returned to it. At December 31, 2021, The San Antonio Clubhouse's cash and cash equivalents held at financial institutions exceeded the Federal Deposit Insurance Clubhouse coverage limits by $425,706. The San Antonio Clubhouse Foundation cash and cash equivalents held at financial institutions exceeded the Federal Deposit Insurance Clubhouse coverage limits by $64,109. The Clubhouse and the Foundation place its cash with high credit quality financial institutions and thereby limit the amount of credit exposure risk to one financial institution.

6) Line of Credit

The Clubhouse has an open line of credit with Jefferson bank for $400,000. At December 31, 2021, no amounts were drawn. This line of credit is secured by the Citizens Parkway building. Interest is computed at 1.50% on the basis of a year of 360 days and for the actual number of days elapsed. Interest will be calculated on the unpaid principal to the date of each installment paid.

7) Leases

The San Antonio Clubhouse leases office space from The San Antonio Clubhouse Foundation. The lease contract is January 1, 2021 through June 30,2021 and a renewal from July 1, 2021 through December 31, 2021. The monthly payments for the lease were approximately $16,809 and $17,548. The total operating lease expense for 2021 was $207,066.

The San Antonio Clubhouse Foundation leases office space to multiple parties. All contract terms are less than one year. The total sublease income for 2021 is $275,769 of which $207,066 is related to the Clubhouse and has been eliminated for consolidation.

8) Property and Equipment

A summary of changes in capital assets for the year ended December 31, 2021 is as follows:

	Balances at 12/31/20	Increases	Decreases	Balances at 12/31/21
Capital Assets				
Building and improvements	$ 2,251,752	48,969	-	2,300,721
Furniture, fixtures and equipment	62,937	-	-	62,937
Vehicles	46,123	-	-	46,123
Leafy green machine	85,000	-	-	85,000
Total	2,445,812	48,969	-	2,494,781
Less accumulated depreciation	390,340	71,250	-	461,590
Total assets	$ 2,055,472	(22,281)	-	2,033,191

Depreciation expense for the year was $71,250.

9) Notes Payable

The Clubhouse finances a copier machine with Jefferson Bank. Under the terms of this loan, payments of $165.74 are due and payable monthly at an interest rate of 5.5%. The loan matures on March 23, 2023.

Additionally, during Covid-19, the Clubhouse received an EIDL loan from the government. Under the terms of this loan, payments of $641 are due monthly at an interest rate of 2.75% beginning on July 6, 2021. During 2021, the Clubhouse received a $350,000 increase in the previously noted EIDL loan. The monthly payments will increase to $2,240 beginning July 6, 2022, there has been no change in the previously stated interest rate.

The aggregate note payable balance was $502,436 and interest expense was $9,306 for the year ended.

Debt service requirements to maturity are as follows:

For the Year ended	Notes Payable	
December 31,	Principal	Interest
2022	$ 5,091	14,003
2023	13,503	13,651
2024	13,232	13,288
2025	13,600	12,920
2026	13,979	12,541
2027 and thereafter	443,031	164,507
	$ 502,436	230,910

10) Subsequent Events

Subsequent events were evaluated through August 8, 2022, the date the report was available.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
San Antonio Clubhouse, Inc. and Subsidiary
San Antonio, Texas

We have audited, 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, the financial statements of San Antonio Clubhouse, Inc. and Subsidiary, (a nonprofit corporation) which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report dated August 8, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Clubhouse and its Subsidiary'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 the Clubhouse and its Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clubhouse and its Subsidiary'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 over financial reporting 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 the Clubhouse and its Subsidiary's consolidated financial statements are free of 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*. We noted no matters that needed to be reported to management.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams, Steinert, Mask

Williams, Steinert, Mask, LLP
San Antonio, Texas
August 8, 2022

SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARIES
Consolidating Schedule of Financial Position
December 31, 2021

Schedule I

	The San Antonio Clubhouse	The San Antonio Foundation	Consolidating Entries	Totals
Assets:				
Cash and cash equivalents	$ 933,053	373,352	-	1,306,405
Grants receivable	212,241	1,417	-	213,658
Prepaid expenses	-	1,456	-	1,456
	1,145,294	376,225	-	1,521,519
Property and equipment, net	129,420	1,903,771	-	2,033,191
Total assets	1,274,714	2,279,996	-	3,554,710
Liabilities:				
Accounts payable	29,947	8,691	-	38,638
Accrued expenses	7,104	5,410	-	12,514
Deferred revenue	54,000	-	-	54,000
Current portion of long-term debt	5,091	-	-	5,091
	96,142	14,101	-	110,243
Long-term debt	497,345	-	-	497,345
Net assets:				
Without donor restrictions	247,081	2,265,895	-	2,512,976
With donor restrictions	434,146	-	-	434,146
Total liabilities and net assets	$ 1,274,714	2,279,996	-	3,554,710

SAN ANTONIO CLUBHOUSE, INC.
AND SUBSIDIARIES
Consolidating Schedule of Statement of Activities and Changes in Net Assets
December 31, 2021

Schedule II

	The San Antonio Clubhouse	The San Antonio Foundation	Consolidating Entries	Totals
Revenues, gains and other support:				
Grants	$ 1,464,423	-	(50,000)	1,414,423
Contributions	22,102	-	-	22,102
Sales and services	55,194	-	-	55,194
Program revenue	100,028			100,028
Special events, net of expenses	17,350	-	-	17,350
Rental income, net	-	275,769	(207,066)	68,703
In-kind revenue	22,733	-	-	22,733
Interest income	421	2,162	-	2,583
Other	26,839	-	(21,669)	5,170
Total revenues, gains and other support	1,709,090	277,931	(278,735)	1,708,286
Expenses:				
Advertising	2,042	-	-	2,042
Advocacy expenses	1,500	-	-	1,500
Bank fees	1,260	257	-	1,517
Depreciation	13,983	57,267	-	71,250
Dues and subscriptions	12,933	416	-	13,349
Equipment expense	6,644	-	-	6,644
Grant program expense	277,674	50,000	(50,000)	277,674
In-kinds expense	22,733	-	-	22,733
Insurance	8,698	7,787	-	16,485
Interest	9,306	-	-	9,306
Management fees	-	15,300	(15,300)	-
Member services	625	-	-	625
Miscellaneous	-	190	(15)	175
Nutrition costs and supplies	28,112	-	-	28,112
Payroll Expenses	1,030,357	-	-	1,030,357
Postage and shipping	721	-	-	721
Printing and copying	5,541	-	-	5,541
Professional fees	112,033	2,237	(540)	113,730
Property taxes	-	10,808	-	10,808
Rental Expense	207,066	-	(207,066)	-
Repairs and maintenance	9,942	18,815	(5,814)	22,943
Supplies	16,035	1,400	-	17,435
Technology expense	29,133	-	-	29,133
Training	9,251	-	-	9,251
Travel	12,544	-	-	12,544
Utilities	325	50,483	-	50,808
Vehicle expense	6,354	-	-	6,354
Total expenses	1,824,812	214,960	(278,735)	1,761,037
Increase (decrease) in net assets	$ (115,722)	62,971	-	(52,751)