



Financial Statements and Independent Auditor's Report
For the Years Ended August 31, 2024 and 2023

Table of Contents

| | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| FINANCIAL STATEMENTS | |
| Statements of Financial Position | 3 |
| Statements of Activities and Changes in Net Assets | 4 |
| Statements of Functional Expenses | 5-6 |
| Statements of Cash Flows | 7 |
| Notes to Financial Statements | 8-12 |
| SINGLE AUDIT SECTION | |
| 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 <i>Government Auditing Standards</i> | 14-15 |
| Independent Auditor's Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance in Accordance with <i>Uniform Guidance</i> and <i>Texas Uniform Grant Management Standards</i> | 16-18 |
| Schedule of Expenditures of Federal and State Awards | 19 |
| Notes to Schedule of Expenditures of Federal and State Awards | 20 |
| Summary Schedule of Prior Audit Findings | 21 |
| Schedule of Findings and Questioned Costs | 22 |

Independent Auditor's Report

To the Board of Directors and Management of
SouthEast Texas Regional Advisory Council
Houston, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SouthEast Texas Regional Advisory Council (SETRAC) which comprise the statements of financial position as of August 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SETRAC as of August 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 SETRAC 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 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 SETRAC's ability to continue as a going concern for one year after the date that the financial statements are issue

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 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 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 GAAS and Government Auditing Standards, 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 SETRAC'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SETRAC'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.


Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and State awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards* (Uniform Guidance) and Texas Uniform Grant Management Standards 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 Schedule of Expenditures of Federal and State 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*, we have also issued our report dated April 29, 2026, on our consideration of the Organization'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 solely 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 effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

Sincerely,



April 28, 2026

SouthEast Texas Regional Advisory Council
Statements of Financial Position
As of August 31, 2024 and 2023

| | August 31, 2024 | August 31, 2023 |
|--|-----------------|-----------------|
| ASSETS | | |
| Current Assets | | |
| Unrestricted cash and cash equivalents | \$ 5,201,250 | \$ 5,955,203 |
| Grants and contracts receivable | 568,137 | 917,550 |
| Prepaid expenses | 5,425 | 978 |
| Right-of-use asset | 1,095,802 | 1,424,851 |
| Total current assets | 6,870,614 | 8,298,582 |
| Non-Current Assets | | |
| Property and equipment, net | 1,163,118 | 1,419,781 |
| Total non-current assets | 1,163,118 | 1,419,781 |
| Total Assets | 8,033,732 | 9,718,363 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | 338,026 | 251,049 |
| Accrued expenses | 142,479 | 170,602 |
| Current portion of lease liability | 286,809 | 355,946 |
| Deferred revenue | 34,213 | 1,136,448 |
| Total Liabilities | 801,527 | 1,914,045 |
| Non-Current Liabilities | | |
| Long term portion of lease liability | 767,760 | 1,029,212 |
| Total non-current liabilities | 767,760 | 1,029,212 |
| Total Liabilities | 1,569,287 | 2,943,257 |
| Net assets | | |
| Without donor restrictions | 6,464,445 | 6,775,106 |
| Total net assets | 6,464,445 | 6,775,106 |
| Total Liabilities and Net Assets | \$ 8,033,732 | \$ 9,718,363 |

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

SouthEast Texas Regional Advisory Council
 Statements of Activities and Changes in Net Assets
 For the Years Ended August 31, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|-------------------------------|---------------------|---------------------|
| Support and Revenue | | |
| Government grants | \$ 5,536,270 | \$ 5,689,392 |
| Base station income | 1,939,149 | 1,822,353 |
| Other types of income | 112,046 | 679,846 |
| TEEX income | 1,688,986 | 725,974 |
| Employee retention tax credit | - | 629,402 |
| Conference income | 263,236 | 222,230 |
| Investment income | 118,067 | 81,840 |
| Program income | 57,250 | 28,450 |
| Total Support and Revenue | <u>9,715,004</u> | <u>9,879,487</u> |
| Expenses | | |
| Program services | 9,389,857 | 6,960,628 |
| Supporting services | 635,808 | 1,990,409 |
| Total Expenses | <u>10,025,665</u> | <u>8,951,037</u> |
| Change in Net Assets | (310,661) | 928,450 |
| Net Assets, Beginning of Year | 6,775,106 | 5,846,656 |
| Net Assets, End of Year | <u>\$ 6,464,445</u> | <u>\$ 6,775,106</u> |

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

SouthEast Texas Regional Advisory Council
Statement of Functional Expenses
For the Year Ended August 31, 2024

| | Program Services | | | | | Total Program Expenses | Supporting Services | Total Expenses |
|------------------------------------|-------------------------|---------------------|---------------------|-------------------|---------------|---------------------------|--------------------------------|-----------------------|
| | HPP | Clinical | General | G7 | Other | | | |
| Business Expenses | \$ - | \$ - | \$ 753 | \$ - | \$ - | \$ 753 | \$ - | \$ 753 |
| Contract Services | - | - | 387 | - | - | 387 | - | 387 |
| Indirect Costs | 251,788 | 151,197 | 44,945 | 60,011 | - | 507,941 | 40,334 | 548,275 |
| Operational Supplies | 256,483 | 410,207 | 9,676 | 116 | - | 676,483 | 893 | 677,376 |
| Other Types of Expenses | 715,479 | 815,292 | 644,386 | 3,436 | - | 2,178,593 | 104,501 | 2,283,093 |
| Personnel Payroll Expenses | 1,554,143 | 656,071 | 3,607,259 | 155,980 | - | 5,973,453 | 228,511 | 6,201,964 |
| Travel & Meetings | 31,016 | 12,280 | - | 8,552 | 400 | 52,248 | 44,341 | 96,589 |
| Total expenses before depreciation | 2,808,909 | 2,045,048 | 4,307,406 | 228,095 | 400 | 9,389,857 | 418,580 | 9,808,437 |
| Depreciation | - | - | - | - | - | - | 217,228 | 217,228 |
| | <u>\$ 2,808,909</u> | <u>\$ 2,045,048</u> | <u>\$ 4,307,406</u> | <u>\$ 228,095</u> | <u>\$ 400</u> | <u>\$ 9,389,857</u> | <u>\$ 635,808</u> | <u>\$ 10,025,665</u> |

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

SouthEast Texas Regional Advisory Council
Statement of Functional Expenses
For the Year Ended August 31, 2023

| | Program Services | | | | | Total Program Expenses | Supporting Services | Total Expenses |
|-----------------------------------|---------------------|---------------------|---------------------|-------------------|-------------------|------------------------|---------------------|---------------------|
| | HPP | Clinical | General | G7 | Other | | | |
| Business Expenses | \$ 40 | \$ - | \$ 178 | \$ - | \$ - | \$ 218 | \$ 300 | \$ 518 |
| Contract Services | - | - | 140 | - | - | 140 | 100,571 | 100,711 |
| Indirect Costs | 59,520 | 34,537 | 10,643 | 7,938 | - | 112,638 | 3,231 | 115,869 |
| Operational Supplies | 215,021 | 421,670 | 668 | 64 | - | 637,423 | 44,281 | 681,704 |
| Other Types of Expenses | 1,283,655 | 887,996 | 13,041 | 14,184 | 205,092 | 2,403,968 | 516,916 | 2,920,884 |
| Personnel Payroll Expenses | 1,778,899 | 592,099 | 1,195,617 | 179,485 | 16,879 | 3,762,979 | 1,063,088 | 4,826,067 |
| Travel & Meetings | 30,074 | 10,782 | 1,409 | 997 | - | 43,262 | 67,425 | 110,687 |
| Total expenses before depreciator | 3,367,209 | 1,947,084 | 1,221,696 | 202,668 | 221,971 | 6,960,628 | 1,795,812 | 8,756,440 |
| Depreciation | - | - | - | - | - | - | 194,597 | 194,597 |
| | <u>\$ 3,367,209</u> | <u>\$ 1,947,084</u> | <u>\$ 1,221,696</u> | <u>\$ 202,668</u> | <u>\$ 221,971</u> | <u>\$ 6,960,628</u> | <u>\$ 1,990,409</u> | <u>\$ 8,951,037</u> |

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

SouthEast Texas Regional Advisory Council
Statements of Cash Flows
For the Years Ended August 31, 2024 and 2023

| | 2024 | 2023 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (310,661) | \$ 928,450 |
| Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities: | | |
| Depreciation and amortization | 217,228 | 194,597 |
| Change in Operating Assets and Liabilities | | |
| Grants and contracts receivable | 349,413 | (559,764) |
| Right-of-use asset | 329,049 | 319,651 |
| Prepaid expenses | (4,447) | - |
| Accounts payable and accrued expenses | 58,854 | 187,175 |
| Lease liability | (330,589) | (331,044) |
| Deferred revenue | (1,102,235) | 1,136,448 |
| Net cash provided by operating activities | (793,388) | 1,875,513 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | - | (310,558) |
| Disposal of property and equipment | 39,435 | - |
| Net cash provided/(used) in investing activities | 39,435 | (310,558) |
| Net Change in Cash | (753,953) | 1,564,955 |
| CASH AT BEGINNING OF YEAR | 5,955,203 | 4,390,248 |
| CASH AT END OF YEAR | \$ 5,201,250 | \$ 5,955,203 |

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

SouthEast Texas Regional Advisory Council
Notes to Financial Statements
For the Years Ended August 31, 2024 and 2023

NOTE 1 – NATURE OF ACTIVITIES

Southeast Texas Regional Advisory Council (SETRAC) is a not-for-profit corporation chartered in November 1995. SETRAC is designed to facilitate the development, implementation, and operation of a comprehensive trauma care system based on accepted standards of care to decrease morbidity and mortality. SETRAC is tasked with the mission of providing collaborative planning and response to emergencies, in a multi-disciplinary approach, and to preserve the medical infrastructure in 25 counties of southeast Texas.

SETRAC, along with 21 other regions in Texas, is funded through the Texas Department of State Health Services/Emergency Medical Services (DSHS/EMS) Trauma System funds generated by fees for 911 services. SETRAC also receives funding from the DSHS/EMS Trauma System Development Account.

A large portion of SETRAC's grant revenue is from the Texas Hospital Preparedness Program grant (HPP) through the federal office of the Assistant Secretary for Preparedness and Response. HPP provides funding for training and oversight to hospitals and emergency providers for the 25-county region. SETRAC works with the stakeholders to ensure the region is prepared to respond to the nation's health security for pandemics, terrorist attacks, earthquakes, hurricanes, and other natural and man-made disasters.

SETRAC also devotes a portion of their activity to servicing local governmental entities within their region through contractual agreements to facilitate other programs for specific emergencies and medical demands. With SETRAC's network of healthcare providers and first responders, along with knowledge of their region's medical infrastructure, SETRAC has broadened their line of services beyond the services funded through grant revenues.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting applicable to not-for-profit organizations in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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.

Classification of Net Assets

Under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, Not-for-Profit Entities, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the absence or existence of donor-imposed restrictions. Net assets and revenues, expenses, gains, and losses are classified based on the nature and extent of such restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, Board-designated.

SouthEast Texas Regional Advisory Council
Notes to Financial Statements (con't)
For the Years Ended August 31, 2024 and 2023

Net Assets with Donor Restrictions – Net assets subject to donor-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. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash & Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. The Organization deposits funds with financial institutions which may at times be in excess of the U.S. Federal Deposit Insurance Corporation's ("FDIC") insured limits. The Organization has not experienced any losses related to amounts in excess of FDIC limits.

Grants and Contracts Receivable

Grants and contracts receivable consist of earned cost reimbursements on government grants that have not yet been received. The Organization has not recorded an allowance for uncollectible accounts based on the creditworthiness of government entities. All grants receivable at August 31, 2024 and 2023 are collectible in twelve months or less.

Property and Equipment

Property and equipment are recorded at cost, including the cost of significant improvements or renovations. Costs of routine repairs and maintenance are charged to expenses as incurred. Assets purchased with a useful life of more than one year and a cost in excess of \$5,000 are capitalized. Depreciation is calculated using the straight-line method over estimated useful lives of 3-7 years.

Leases

The Organization accounts for leases in accordance with FASB ASC 842, Leases. At the commencement of a lease, the Organization determines whether the arrangement contains a lease and whether it is classified as an operating lease or finance lease. A lease is defined as a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration.

Right-of-Use (ROU) Assets and Lease Liabilities: At the lease commencement date, the Organization recognizes a right-of-use asset and a corresponding lease liability for all leases with a term of greater than twelve months. Lease liabilities are measured at the present value of future lease payments, discounted using the Organization's incremental borrowing rate unless the rate implicit in the lease is readily determinable. The right-of-use asset is measured as the initial amount of the lease liability adjusted for any initial direct costs, lease incentives received, or prepaid lease payments.

Revenue Recognition

Donations are recognized when they are received. The Organization also receives reimbursement grants from federal and state governments. These grants are not recorded until acceptable expenditures under the grant terms have been made and claimed for reimbursement.

Deferred revenue

The Organization recognizes revenue in accordance with FASB ASC 958, Not-for-Profit Entities, and ASC 606. Deferred revenue represents amounts received in advance of the period in which the related goods or services are provided, or before the Organization has met the conditions necessary to recognize such amounts as revenue.

SouthEast Texas Regional Advisory Council
Notes to Financial Statements (con't)
For the Years Ended August 31, 2024 and 2023

Amounts received from exchange transactions—such as program fees, membership dues that provide special event fees, or service contracts—are recorded as deferred revenue until the related performance obligations have been satisfied. Revenue is recognized in the period in which the services are performed or the goods are delivered.

For contributions and grants, amounts received with conditions—such as measurable performance obligations or barriers that must be overcome—are recorded as refundable advances, a type of deferred revenue, until such conditions have been substantially met or explicitly waived by the donor. Once the conditions are fulfilled, the amounts are recognized as contribution revenue, classified as either with donor restrictions or without donor restrictions in accordance with donor intent. Amounts received that relate to future fiscal periods are also recorded as deferred revenue and recognized in the period to which they apply.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management estimate.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. There was no unrelated business income for the periods ended August 31, 2024 and 2023. The Organization's IRS Form 990, Return for an Exempt Organization, is open for review by the IRS for a period of three years from the date filed.

NOTE 3 – CONCENTRATION OF RISK

During the year ended August 31, 2024, the Organization received 52% of its total revenues from federal and state government grants. Among the government grants, 60% and 40% were from the US Department of Health and Human Services, and Texas Department of State Health Services, respectively.

During the year ended August 31, 2023, the Organization received 56% of its total revenues from federal and state government grants. Among the government grants, 65% and 35% were from the US Department of Health and Human Services, and Texas Department of State Health Services, respectively.

Amounts are appropriated each year at the federal or state level as applicable. If significant budget cuts are made at the federal or state level, the amount of funds the Organization receives could be reduced significantly and have an adverse impact on its operations.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and Equipment as of August 31, 2024 and 2023 consisted of the following:

SouthEast Texas Regional Advisory Council
Notes to Financial Statements (con't)
For the Years Ended August 31, 2024 and 2023

| | August 31, 2024 | August 31, 2023 |
|-------------------------------------|-----------------|-----------------|
| Furniture, Fixtures & Equipment | \$ 54,731 | \$ 54,731 |
| Communications Equipment | 542,538 | 542,538 |
| Computer Equipment | 6,060 | 6,060 |
| Field Equipment | 955,768 | 948,099 |
| Mobile Assets | 4,252,956 | 4,241,374 |
| Total Property and Equipment, Gross | 5,812,053 | 5,792,802 |
| Less: Accumulated Depreciation | (4,648,935) | (4,373,021) |
| Property and Equipment, Net | \$ 1,163,118 | \$ 1,419,781 |

Depreciation expense for the years ended August 31, 2024 and 2023 was \$217,229 and \$194,597, respectively.

NOTE 5—LEASES

The Company leases office facilities under noncancelable operating lease agreements accounted for in accordance with ASC 842, Leases. The Company recognizes a right-of-use (“ROU”) asset and a corresponding lease liability for each lease based on the present value of future lease payments over the lease term, using the applicable discount rate at lease commencement.

The Company entered into an office lease for space located at 1111 N Loop Fwy W, Houston, Texas 77008, which commenced on January 1, 2020 and expires on April 1, 2029. The lease was measured using a discount rate of 1.88%. Lease payments are fixed under the terms of the agreement. The related right-of-use asset and lease liability are recorded in the accompanying financial statements.

The Company entered into an additional office lease for space located at 5115 Rosslyn Road, which commenced on November 1, 2022 and expires on October 1, 2025. This lease was recorded using a discount rate of 4.48%. The Company recognized a right-of-use asset and corresponding lease liability upon commencement of the lease.

As of August 31, 2024, the future minimum lease payments were as follows:

| | |
|-----------------------|--------------|
| August 31, 2025 | \$ 286,809 |
| August 31, 2026 | 232,815 |
| August 31, 2027 | 226,260 |
| Thereafter | 388,965 |
| Total lease payments | 1,134,849 |
| Less: lease accretion | 80,280 |
| Lease liabilities | \$ 1,054,569 |

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of SETRAC’s liquidity management, a policy is in place to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. As of August 31, 2024, SETRAC had \$5,769,387 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenses consisting of cash and cash equivalents and grants and other receivables.

Management continues to anticipate that restricted requirements will be fulfilled within one year of the statement of financial position date. There are no financial assets that are subject to donor or other contractual restrictions that make the restrictions unavailable for general expenses within one year of the statement of financial position dates.

Financial assets available for general expenditure were comprised of the following as of August 31, 2024:

SouthEast Texas Regional Advisory Council
Notes to Financial Statements (con't)
For the Years Ended August 31, 2024 and 2023

| | August 31, 2024 |
|---|-----------------|
| Cash and cash equivalents | \$ 5,201,250 |
| Grants and contracts receivable | 568,137 |
| Current financial assets available for general expenditures | \$ 5,769,387 |

NOTE 7 – IN-KIND CONTRIBUTIONS

Several volunteers have made significant contributions of their time in furtherance of the Organization's mission. In accordance with FASB ASC 958, *Not-for-Profit Entities - Revenue Recognition - Contributed Services*, the value of these donated services is not recorded in the accompanying financial statements as they do not meet the criteria for recognition as contributions.

NOTE 8 – GRANTOR AUDITS

The Organization is funded by grants that are subject to review and audit by the grantor agencies. These grants have certain compliance requirements and, should audits by the grantor agencies disclose any areas of substantial noncompliance, the Organization may be required to refund any disallowed costs. Management does not know of any noncompliance which would require refunds.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2024, the Organization had no donor-imposed purpose or time restrictions remaining on previously restricted contributions. All donor-specified programmatic activities and time requirements associated with these funds have been completed or otherwise fully satisfied during the year. Accordingly, the related amounts have been released from donor restrictions and are available for use in support of the Organization's general operations in accordance with management's discretion.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date these financial statements were available to be issued.

SINGLE AUDIT SECTION

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 Directors and Management of
SouthEast Texas Regional Advisory Council
Houston, TX

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 SouthEast Texas Regional Advisory Council (“the Organization”), which comprise the statement of financial position as of August 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’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 Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’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 result 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 with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ryan A. Sawyer, CPA, PLLC

Colleyville, TX

April 28, 2026

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

To the Board of Directors and Management of
SouthEast Texas Regional Advisory Council
Houston, TX

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited SouthEast Texas Regional Advisory Council’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 SouthEast Texas Regional Advisory Council’s major federal and state programs for the year ended August 31, 2024. SouthEast Texas Regional Advisory Council’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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 and state programs for the year ended August 31, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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) and Texas Uniform Grant Management Standards. Our responsibilities under those standards and the Uniform Guidance and Texas Uniform Grant Management Standards are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SouthEast Texas Regional Advisory Council and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of SouthEast Texas Regional Advisory Council’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 SouthEast Texas Regional Advisory Council’s federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our 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 SouthEast Texas Regional Advisory Council's compliance based on our 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance and Texas Uniform Grant Management Standards will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 SouthEast Texas Regional Advisory Council's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and Texas Uniform Grant Management Standards, we:

- 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 SouthEast Texas Regional Advisory Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SouthEast Texas Regional Advisory Council'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 and Texas Uniform Grant Management Standards, but not for the purpose of expressing an opinion on the effectiveness of SouthEast Texas Regional Advisory Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are 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 we 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 or state 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 or state 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 or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 our audit we did not identify any deficiencies in internal control over compliance that we

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.

Our 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 our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Texas Uniform Grant Management Standards. Accordingly, this report is not suitable for any other purpose.

Ryan A. Sawyer, CPA, PLLC

Colleyville, TX
April 28, 2026

SouthEast Texas Regional Advisory Council
Schedule of Expenditures of Federal and State Awards
For the Year Ended August 31, 2024

| Federal Grantor/Pass-through Agency/Program Title | Assistance Listing Number | Pass-Through Grantor's Number | Federal Expenditures |
|--|------------------------------|-------------------------------|----------------------------|
| U.S. Department of Health and Human Services | | | |
| Pass-through Texas Department of State Health Services: National Bioterrorism Hospital Preparedness Program | 93.889 | 537-17-0309-00001 | 2,808,909 |
| Pass-through Baylor College of Medicine G7 Pediatric Disaster Care Network | 93.889 | 6 U3REP220671-01-01 | 228,095 |
| Total U.S. Department of Health and Human Services | | | <u>3,037,004</u> |
| U.S. Department of Treasury | | | |
| Pass-through Texas Department of State Health Services: COVID 19 Coronavirus Relief Fund | 21.019 | HHS001256200001 | 791,951 |
| Total U.S. Department of Treasury | | | <u>791,951</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 3,828,955</u> |

| State Grantor/Pass-through Agency/Program Title | Assistance Listing Number | Pass-Through Grantor's Number | State Expenditures |
|---|------------------------------|-------------------------------|----------------------------|
| Texas Department of State Health Services | | | |
| EMS-Regional Advisory Councils | N/A | HHS0000124600021 | 609,606 |
| EMS-RAC System Development | N/A | HHS0000124600021 | 219,637 |
| EMS-County Assistance | N/A | HHS0000124600021 | 419,588 |
| Total U.S. Department of State Health Services | | | <u>1,248,831</u> |
| Texas Department of Emergency Management | | | |
| Solar Eclipse | N/A | N/A | 6,362 |
| Wild Fire Outbreak | N/A | N/A | 369,937 |
| Severe Weather | N/A | N/A | 82,185 |
| Total Texas Department of Emergency Management | | | <u>458,484</u> |
| Total Expenditures of State Awards | | | <u>1,707,315</u> |
| Total Expenditures of Federal and State Awards | | | <u>\$ 5,536,270</u> |

SouthEast Texas Regional Advisory Council
Notes to Schedule of Expenditures of Federal and State Awards
For the Year Ended August 31, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and State Awards (the Schedule) includes the federal and state award activity of SouthEast Texas Regional Advisory Council (“the Organization”) under programs of the federal and state government for the year ended August 31, 2024. 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) and Texas Uniform Grant Management Standards. 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 assets, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and Texas Uniform Grant Management Standards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance and Texas Uniform Grant Management Standards.

SouthEast Texas Regional Advisory Council
Summary Schedule of Prior Audit Findings
For the Year Ended August 31, 2024

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AND STATE PROGRAMS AUDIT

None

SouthEast Texas Regional Advisory Council
 Schedule of Findings and Questioned Costs
 For the Year Ended August 31, 2024

I. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported
- Noncompliance material to financial statements noted? Yes No

Federal and State awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes No

Identification of major programs:

| <u>ALN</u> | <u>Name of Federal Program</u> |
|------------|---|
| 93.069 | National Bioterrorism Hospital Preparedness Program |

| <u>ALN</u> | <u>Name of State Program</u> |
|------------|--------------------------------|
| N/A | EMS-Regional Advisory Councils |
| N/A | EMS-RAC System Development |

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

Yes No

Auditee qualified as low-risk auditee?

II. Findings – Financial Statement Audit

NONE

III. Findings and Questioned Costs – Major Federal and State Award Programs Audit

NONE