

# BLANCO RIVER REGIONAL RECOVERY TEAM

Financial Statements,  
Independent Auditor's Report,  
and Single Audit Reporting

December 31, 2024 and 2023



Calvetti Ferguson

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## Independent Auditor's Report

To the Board of Directors  
Blanco River Regional Recovery Team  
San Marcos, Texas

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Blanco River Regional Recovery Team ("BR3T"), which comprise the statement of financial position as of December 31, 2024, 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 our opinion, the accompanying financial statements present fairly, in all material respects, BR3T's financial position as of December 31, 2024, 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 ("GAAP").

#### **Basis for Opinion**

We conducted our audit 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 BR3T 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.

#### **Management's Responsibilities for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 that, considered in the aggregate, raise substantial doubt about BR3T ability to continue as a going concern for one year after the date the financial statements are issued.

#### **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; as such, it 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, misrepresentations, intentional omissions, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 BR3T internal control. Accordingly, we express no such opinion.
- 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 that, considered in the aggregate, raise substantial doubt about BR3T's ability to continue as a going concern for a reasonable period of time.

We are also 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 awards on page 12, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our 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, we have also issued our report, dated August 20, 2025, and presented herein on pages 14-15, on our consideration of BR3T's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 BR3T'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 BR3T's internal control over financial reporting and compliance.

***Other Matter***

BR3T's financial statements as of and for the year ended December 31, 2023, were audited by Randy Walker & Co., an accounting firm acquired by Calvetti Ferguson on August 1, 2025. The audit report for those financial statements, which was issued by Randy Walker & Co. on September 11, 2024, expressed an unmodified opinion. The summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Calvetti Ferguson". The signature is written in a cursive, flowing style.

San Antonio, Texas  
August 20, 2025

**BLANCO RIVER REGIONAL RECOVERY TEAM**  
**STATEMENTS OF FINANCIAL POSITION**  
As of December 31, 2024 and 2023

	2024	2023
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 132,642	\$ 78,835
Grants Receivable	132,906	147,852
Prepaid Expenses	2,716	2,716
Total Current Assets	268,264	229,403
<b>TOTAL ASSETS</b>	<b>\$ 268,264</b>	<b>\$ 229,403</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 66,039	\$ 56,357
Accrued Liabilities	3,557	21,247
Total Current Liabilities	69,596	77,604
<b>TOTAL LIABILITIES</b>	<b>69,596</b>	<b>77,604</b>
<b><u>NET ASSETS</u></b>		
Without Donor Restrictions	197,869	148,461
With Donor Restrictions	799	3,338
<b>TOTAL NET ASSETS</b>	<b>198,668</b>	<b>151,799</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 268,264</b>	<b>\$ 229,403</b>

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

**BLANCO RIVER REGIONAL RECOVERY TEAM**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2024  
(Summarized for 2023)

	<b>2024</b>			2023 Total
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
<b><u>OPERATING SUPPORT AND REVENUE</u></b>				
Grants	\$ -	\$ 1,734,527	<b>\$ 1,734,527</b>	\$ 2,098,551
Contributions	36,061	303	<b>36,364</b>	44,508
Other Income	200	-	<b>200</b>	300
Net Assets Released from Restrictions	1,737,369	(1,737,369)	-	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>1,773,630</b>	<b>(2,539)</b>	<b>1,771,091</b>	<b>2,143,359</b>
<b><u>OPERATING EXPENSES</u></b>				
Program	1,688,159	-	<b>1,688,159</b>	2,064,498
General and Administrative	36,063	-	<b>36,063</b>	41,372
<b>TOTAL OPERATING EXPENSES</b>	<b>1,724,222</b>	<b>-</b>	<b>1,724,222</b>	<b>2,105,870</b>
<b>CHANGE IN NET ASSETS</b>	<b>49,408</b>	<b>(2,539)</b>	<b>46,869</b>	<b>37,489</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>148,461</b>	<b>3,338</b>	<b>151,799</b>	<b>114,310</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 197,869</b>	<b>\$ 799</b>	<b>\$ 198,668</b>	<b>\$ 151,799</b>

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

**BLANCO RIVER REGIONAL RECOVERY TEAM**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2024**  
**(Summarized for 2023)**

	<b>2024</b>			2023
	<b>Program</b>	<b>General and Administrative</b>	<b>Total</b>	Total
<b><u>OPERATING EXPENSES</u></b>				
Payroll Expense:				
Salaries	\$ 188,572	\$ 20,953	\$ 209,525	\$ 297,227
Payroll Taxes	14,971	1,663	16,634	25,714
Total Payroll Expenses	203,543	22,616	226,159	322,941
Client Assistance	1,280,527	-	1,280,527	1,582,525
Contracted Services	158,561	4,908	163,469	117,477
Rent	24,300	2,700	27,000	53,744
Accounting Fees	15,581	2,600	18,181	19,249
Office Expenses	3,335	165	3,500	6,489
Insurance	700	2,656	3,356	1,113
Supplies	1,416	-	1,416	1,877
Dues and Subscriptions	-	418	418	418
Advertising	172	-	172	-
Bank Charges	24	-	24	37
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,688,159</b>	<b>\$ 36,063</b>	<b>\$ 1,724,222</b>	<b>\$ 2,105,870</b>

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

**BLANCO RIVER REGIONAL RECOVERY TEAM**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2024 and 2023

	2024	2023
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in Net Assets	\$ 46,869	\$ 37,489
Adjustments to Reconcile Net Change to Net Cash Provided by Operating Activities:		
Decrease in Assets:		
Grants Receivable	14,946	19,406
Increase (Decrease) in Liabilities:		
Accounts Payable	9,682	(16,531)
Accrued Liabilities	(17,690)	(2,948)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>53,807</b>	<b>37,416</b>
 <b>NET INCREASE IN CASH FLOWS</b>	 <b>53,807</b>	 <b>37,416</b>
 <b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	 <b>78,835</b>	 <b>41,419</b>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	 <b>\$ 132,642</b>	 <b>\$ 78,835</b>

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

**BLANCO RIVER REGIONAL RECOVERY TEAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES**

The accompanying statements of Blanco River Regional Recovery Team (“BR3T”) 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.

***Nature of Activities***

BR3T is a Texas 501(c)(3) non-profit corporation organized in September 2015 to facilitate long-term recovery for victims of the Memorial Day Weekend, All Saints, and other disasters in the counties of Blanco, Caldwell, Guadalupe, and Hays in Texas. BR3T’s primary funding sources are grants and contributions to offer assistance and home repair services to victims of disasters.

***Basis of Presentation***

BR3T is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board-designated.
- *Net Assets With Donor Restrictions* – Net assets subject to donor restrictions that may or will be met either by actions of BR3T and/or the passage of time. 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.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”) includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

***Cash and Cash Equivalents***

For purposes of reporting cash flows, BR3T considers all certificates of deposit and money market fund purchases with an original maturity of three months or less to be cash equivalents.

***Advertising Costs***

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2024 and 2023 was \$172 and \$0, respectively.

***Income Taxes***

BR3T is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As of December 31, 2024, the tax years that remain subject to examination by taxing authorities begin with 2021.

**BLANCO RIVER REGIONAL RECOVERY TEAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (continued)**

***Functional Allocation of Expenses***

The costs of providing the services and other activities of BR3T 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. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses which are allocated on the basis of estimates of time and effort, as well as office expenses, rent, supplies, and various other expenses which are allocated on the basis of square footage or some other reasonable basis.

***Grants and Contributions***

BR3T records contributions and grants in accordance with Accounting Standards Update (“ASU”) 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Grants and contributions received are recorded as revenue without donor restrictions or with donor restrictions, depending on the existence and/or nature of any grantor or donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**NOTE 2 – GRANTS RECEIVABLE**

Grants receivable primarily represents amounts due from federal government grants. BR3T receives a portion of its revenues from government grants, all of which are subject to audit by the government. The ultimate determination of amounts to be received under these programs is generally based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency with respect to the amount receivable from the government agency in excess of allowable costs. Management is of the opinion that no material adjustments will result from such an audit. All grants receivable are considered to be fully collectible; therefore, no allowance is recorded. Grants receivable was \$132,906 and \$147,852 at December 31, 2024 and 2023, respectively.

**NOTE 3 – REVENUE CONCENTRATIONS AND ECONOMIC DEPENDENCY**

BR3T received grant revenue totaling \$1,734,527 and \$2,098,551 from state and local agencies for the years ended December 31, 2024 and 2023, respectively, representing 98% of BR3T’s total support and revenue for both years.

The amounts allocated to BR3T depend upon the availability of funds, possible changes in the allocation of the grantor’s resources, and the grantor’s continued confidence in the programs that they support.

**NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The following reflects BR3T’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-stipulated restrictions.

**BLANCO RIVER REGIONAL RECOVERY TEAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES (continued)**

	2024	2023
Cash and Cash Equivalents	\$ 132,642	\$ 78,835
Grants Receivable	132,906	147,852
Total Financial Assets	265,548	226,687
Donor Restrictions	(799)	(3,338)
Financial Assets Available to Meet Cash		
Needs for Expenditures Within One Year	\$ 264,749	\$ 223,349

BR3T’s primary sources of cash flows during the year are grants and contributions. These revenue sources provide a consistent inflow of cash throughout the year to cover normal operating expenses.

**NOTE 5 – LEASES**

BR3T leased three office spaces under month-to-month operating leases in 2023. In 2024, one office lease was not renewed. Rent expense amounted to \$27,000 and \$53,744 for the years ended December 31, 2024 and 2023, respectively.

**NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions of \$799 and \$3,338 were available for emergency shelter at December 31, 2024 and 2023, respectively.

**NOTE 7 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

BR3T follows the provisions of ASC 820, Fair Value Measurements and Disclosures. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value.

The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.
- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

BR3T’s current assets and liabilities as presented in the statements of financial position are Level 1. BR3T does not have Level 2 or Level 3 assets or liabilities. The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

**BLANCO RIVER REGIONAL RECOVERY TEAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2024 and 2023**

**NOTE 8 – SUBSEQUENT EVENTS**

BR3T has evaluated subsequent events through August 20, 2025, the date on which the financial statements were available to be issued.

## **FINANCIAL AWARDS SECTION**

**BLANCO RIVER REGIONAL RECOVERY TEAM  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2024**

<b>Grantor/Pass Through Grantor/Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
Passed Through Texas Department of Housing and Community Affairs: Emergency Rental Assistance Program	21.023	20220000010	\$ 816,094
Passed Through County of Hays: Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRF5259	<u>861,762</u>
<i>Total U.S. Department of the Treasury</i>			<u><u>1,677,856</u></u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed Through City of San Marcos: Community Development Block Grant Program for Entitlement Communities- Rent and Utility Relief Program	14.218	CDBG-CV-B-20-MW-48-0513	<u>56,671</u>
<i>Total U.S. Department of Housing and Urban Development</i>			<u><u>56,671</u></u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 1,734,527</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**BLANCO RIVER REGIONAL RECOVERY TEAM**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2024**

**NOTE 1 – GENERAL**

The accompanying schedule of expenditures of federal awards presents expenditures for all federal assistance awards that were in effect for the year ended December 31, 2024 for Blanco River Regional Recovery Team (“BR3T”). BR3T’s reporting entity is described in Note 1 of the financial statements.

**NOTE 2 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of BR3T and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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”). Because the schedule presents only a selected portion of BR3T’s operations, it is not intended to present, nor does it present the financial position, changes in net assets, or cash flows of BR3T.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reflected on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance – *Cost Principles for Non-Profit Organizations* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 4 – OTHER DISCLOSURES**

There were no loans or loan guarantees outstanding at year-end.

BR3T has elected to use the 10% de minimis indirect cost rate.

BR3T did not disburse any federal awards to subrecipients for the year ended December 31, 2024.

## **SUPPLEMENTARY INFORMATION**

**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  
Blanco River Regional Recovery Team  
San Marcos, Texas

We have audited, in accordance with the 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, the financial statements of Blanco River Regional Recovery Team ("BR3T"), a non-profit corporation, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 20, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered BR3T'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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BR3T's internal control. Accordingly, we express no opinion on the effectiveness of BR3T's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency or 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 or significant deficiencies may exist that have not been identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether BR3T'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of BR3T's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering BR3T's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Calvetti Ferguson*

San Antonio, Texas  
August 20, 2025

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

Board of Directors  
Blanco River Regional Recovery Team  
San Marcos, Texas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Blanco River Regional Recovery Team's ("BR3T") 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 the BR3T's major federal programs for the year ended December 31, 2024. The BR3T's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, BR3T complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal 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; 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of BR3T 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 BR3T's compliance with the compliance requirements referred to above.

***Management's Responsibilities 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 BR3T's federal 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 BR3T's compliance based on our audit. Reasonable assurance is a high level of assurance, but it 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 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 BR3T's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, 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 BR3T'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 BR3T'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 BR3T'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 program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

A significant deficiency in internal control over compliance is a deficiency or combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *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. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Calvetti Ferguson". The signature is written in a cursive, flowing style.

San Antonio, Texas  
August 20, 2025

**Blanco River Regional Recovery Team**  
**Schedule of Current and Prior Year Findings**  
**For the Year Ended December 31, 2024**

**Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified	None
Significant deficiencies identified that are not considered to be material weakness(es)	None
Noncompliance material to the financial statements	None

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified	None
Significant deficiencies identified that are not considered to be material weakness(es)	None
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 the Uniform Guidance	None

**Major Programs**

***Federal***

21.023 Emergency Rental Assistance Program	None
21.0270 Coronavirus State and Local Fiscal Recovery Funds	None
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Audit qualified as low-risk auditee	No

**Findings – Financial Statements Audit** None

**Findings and Questioned Costs – Major Federal Award Programs Audit** None

**Blanco River Regional Recovery Team**  
**Schedule of Current and Prior Year Findings**  
**For the Year Ended December 31, 2024**

**Summary of Auditor’s Results**

**Prior Year Findings – Financial Statements Audit**

None

**Prior Year Findings and Questioned Costs – Major Federal Award Programs Audit**

See item 2023-001

**2023-001 – Fraud Affecting Federal Program**

Federal Awarding Agency – U.S. Department of the Treasury

Pass-Through Entity – Texas Department of Housing and Community Affairs

Assistance Listing and Title – 21.023 Emergency Rental Assistance Program

*Condition:* Through an internal review prompted by information provided by Sutton Apartment tenants, BR3T identified fourteen cases where rental assistance payments made by BR3T for security deposits, utility deposits, and application fees were misappropriated by the contracted housing provider (unrelated to the one documented in finding 2022-001). For these cases, assistance payments amounted to \$6,183 during the year ended December 31, 2023.

*Criteria:* Per 2 CRF section 200.516(a)(6), an auditor must report known or likely fraud affecting a federal program award.

*Effect:* BR3T issued rental assistance payments to a housing provider based on misleading or inaccurate documentation.

*Cause of Condition:* The housing provider supplied misleading or inaccurate documentation to BR3T in order to receive rental assistance payments.

*Recommendation:* We recommend management terminate its relationship with the housing provider and return the federal funds to the grantor for the cases identified by BR3T.

*Current Year Observation:* The condition was corrected during fiscal year 2024.