PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

TEXAS PREGNANCY CARE NETWORK

Financial Statements
August 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Texas Pregnancy Care Network:

We have audited the accompanying statements of financial position of Texas Pregnancy Care Network (a nonprofit organization) as of August 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Texas Pregnancy Care Network's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texas Pregnancy Care Network as of August 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated December 16, 2010, on our consideration of Texas Pregnancy Care Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Schedule - Reconciliation of Cash Received by Texas Pregnancy Care Network to Statement of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements of Texas Pregnancy Care Network. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Texas Pregnancy Care Network. The two schedules identified above have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

Austin, Texas
December 16, 2010

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TEXAS PREGNANCY CARE NETWORK
Statements of Financial Position
As of August 31, 2010 and 2009

Assets		**2010**		**2009**
Cash and cash equivalents	$	357,054	$	488,320
Accounts receivable, net		320,179		99
Inventory		22,466		19,282
Prepaid expenses		15,455		13,142
Property and equipment, net		14,660		13,608
Totals assets	$	729,814	$	534,451
Liabilities and Net Assets				
Accounts payable	$	593,917	$	421,415
Accrued expenses		28,585		32,441
Deferred revenue		-		-
Total liabilities		622,502		453,856
Net assets:				
Unrestricted net assets		107,312		80,595
Temporarily restricted net assets		-		-
Permanently restricted net assets		-		-
Total net assets		107,312		80,595
Total liabilities and net assets	$	729,814	$	534,451

See accompanying notes to financial statements.

TEXAS PREGNANCY CARE NETWORK
Statement of Activities
For the Year Ended August 31, 2010

	Unrestricted Funds	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:				
HHSC contract revenue	$ 4,000,000	-	-	$ 4,000,000
Other income and support	87,334	-	-	87,334
Net assets released from restrictions:				
Satisfaction of restrictions	-	-	-	-
Total revenues and support	4,087,334	-	-	4,087,334
Expenses:				
Program services:				
Client services	2,900,639	-	-	2,900,639
Information outreach and referral	731,499	-	-	731,499
Total program services	3,632,138	-	-	3,632,138
Supporting services:				
Project administration	365,495	-	-	365,495
Management and general	62,984	-	-	62,984
Total supporting services	428,479	-	-	428,479
Total expenses	4,060,617	-	-	4,060,617
Changes in net assets	26,717	-	-	26,717
Net assets, beginning of year	80,595	-	-	80,595
Net assets, end of year	$ 107,312	-	-	$ 107,312

See accompanying notes to financial statements.

TEXAS PREGNANCY CARE NETWORK
Statement of Activities
For the Year Ended August 31, 2009

	Unrestricted Funds	Temporarily Restricted	Permanently Restricted	Total
Revenues and support:				
HHSC contract revenue	$ 2,812,500	-	-	$ 2,812,500
Other income and support	63,337	-	-	63,337
Net assets released from restrictions:				
Satisfaction of restrictions	-	-	-	-
Total revenues and support	2,875,837	-	-	2,875,837
Expenses:				
Program services:				
Client services	2,238,717	-	-	2,238,717
Information outreach and referral	285,531	-	-	285,531
Total program services	2,524,248	-	-	2,524,248
Supporting services:				
Project administration	336,376	-	-	336,376
Management and general	33,793	-	-	33,793
Total supporting services	370,169	-	-	370,169
Total expenses	2,894,417	-	-	2,894,417
Changes in net assets	(18,580)	-	-	(18,580)
Net assets, beginning of year	99,175	-	-	99,175
Net assets, end of year	$ 80,595	-	-	$ 80,595

See accompanying notes to financial statements.

TEXAS PREGNANCY CARE NETWORK
Statement of Functional Expenses
For the Year Ended August 31, 2010

	Client Services	Information, Outreach and Referral	Project Administration	Management and General	Total
Compensation and benefits	$ -	205,170	252,418	13,252	$ 470,840
Consulting	-	4,132	14,009	-	18,141
Supplies	-	-	8,954	881	9,835
Professional fees	-	-	14,370	-	14,370
Training and education	24,583	75,460	-	10,927	110,970
Client reimbursement	2,876,056	-	-	-	2,876,056
Rent	-	-	48,360	-	48,360
Insurance	-	-	4,423	-	4,423
Utilities	-	6,651	9,247	216	16,114
Depreciation	-	-	3,423	317	3,740
Travel and entertainment	-	22,601	30	148	22,779
Advertising	-	397,951	25	-	397,976
Other	-	19,534	10,236	37,243	67,013
	$ 2,900,639	731,499	365,495	62,984	$ 4,060,617

See accompanying notes to financial statements.

TEXAS PREGNANCY CARE NETWORK
Statement of Functional Expenses
For the Year Ended August 31, 2009

	Client Services	Information, Outreach and Referral	Project Administration	Management and General	Total
Compensation and benefits	$ -	162,473	227,112	16,068	$ 405,653
Consulting	-	4,233	18,552	9,338	32,123
Supplies	-	-	5,337	3,292	8,629
Professional fees	-	-	12,910	-	12,910
Training and education	3,131	53,331	-	-	56,462
Client reimbursement	2,235,511	-	-	-	2,235,511
Rent	-	-	33,244	-	33,244
Insurance	-	-	4,389	-	4,389
Utilities	-	7,151	9,342	830	17,323
Depreciation	-	-	16,498	324	16,822
Travel and entertainment	-	17,540	105	1,155	18,800
Advertising	75	40,264	-	-	40,339
Other	-	539	8,887	2,786	12,212
	$ 2,238,717	285,531	336,376	33,793	$ 2,894,417

See accompanying notes to financial statements.

TEXAS PREGNANCY CARE NETWORK
Statements of Cash Flows
For the Years Ended August 31, 2010 and 2009

	2010	2009
Cash Flow from Operating Activities		
Changes in net assets	$ 26,717	$ (18,580)
Adjustments to reconcile changes in net assets to cash (used in) provided by operations:		
Depreciation expense	3,740	16,822
Changes in assets and liabilities:		
Accounts receivable	(320,080)	189,094
Inventory	(3,184)	20,312
Prepaid expenses	(2,313)	1,736
Accounts payable and accrued expenses	168,857	229,111
Unearned revenue and other liabilities	(211)	(18,028)
Cash (used in) provided by operating activities	(126,474)	420,467
Cash Flow from Investing Activities		
Purchase of property and equipment	(4,792)	(1,144)
Cash used in investing activities	(4,792)	(1,144)
Cash Flow from Financing Activities	-	-
Net increase (decrease)in cash and cash equivalents	(131,266)	419,323
Cash and cash equivalents balance, beginning of year	488,320	68,997
Cash and cash equivalent balance, end of year	$ 357,054	$ 488,320
Supplemental disclosure:		
Cash paid for interest expense	$ -	$ -
Cash paid for income taxes	$ -	$ -

See accompanying notes to financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Texas Pregnancy Care Network (TPCN) was organized in August 2005 as a Texas not for profit corporation. TPCN is an autonomous non-profit institution exempt from federal income taxes under Internal Revenue Code 501(c)(3) and qualifies as a public charity under 170(b)(1). TPCN assists women facing unplanned pregnancies with realistic alternatives to abortion services by administering funding to pro-life social service agencies, pregnancy centers, maternity homes, and adoption agencies in Texas.

Summary of Significant Accounting Policies

Financial Statements - TPCN is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets exist if the donor states the principal must be used for a specific purpose, or must not be used until a specific time. TPCN reports all temporarily restricted gifts as increases in temporarily restricted net assets, even those in which TPCN meets restrictions in the same reporting period. Permanently restricted net assets exist if the donor states the principal must never be used, but must be maintained, as an endowment. TPCN does not have any permanently restricted net assets as of August 31, 2010 or 2009.

Basis of Accounting - TPCN prepares its financial statements on the accrual basis of accounting. TPCN recognizes contributions as revenue when pledged or received, whichever comes first and recognizes all other revenue when earned. TPCN recognizes expenses when incurred, even if not yet paid. Expenses paid before being incurred are classified as prepaid. Expenses incurred, but not paid at year end, are classified as accounts payable.

Cash and cash equivalents - TPCN considers all highly liquid investments with a purchased maturity of three months or less, purchased for use primarily in operations, to be cash equivalents.

Property and Equipment - TPCN records property and equipment at cost (or estimated fair value if donated). Property and equipment is depreciated over estimated useful lives (ranging from five to forty years) using the straight-line method. Upon retirement or disposition of the assets, TPCN reports related gains or losses in the statement of activities.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. During the current year ended August 31, 2010, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Contributions are recognized when the donor makes a promise to give to TPCN that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. TPCN uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Contracts - TPCN entered into an agreement with the Texas Health and Human Services Commission (HHSC) for program and administrative services using Temporary Assistance for Needy Families (TANF) federal funding to promote childbirth rather than abortion. During the year ended August 31, 2010, the TPCN received $4,000,000 from HHSC. As of August 31, 2010, there was no deferred grant revenue. TPCN defers the recognition of revenue when funds are received in advance of when the amounts are earned.

Compensated Absences - TPCN accrues for compensated absences. As of August 31, 2010 and 2009, there were no accrued compensated absences.

Advertising Costs - Advertising costs are expensed as incurred. Advertising expenses for the years ended August 31, 2010 and 2009 were $397,976 and $40,339, respectively, and are included in program services.

Functional Expenses - TPCN reports its expenses on its statement of activities by function rather than by type. TPCN allocates certain indirect operational expenses (insurance, maintenance, utilities, depreciation) between program and supporting services. Program services include client services and information, outreach and referral.

Income Taxes - TPCN is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. TPCN adopted guidance which addresses the accounting for uncertainties in income taxes recognized in an enterprise's financial statements and prescribes a threshold of more-likely-than-not for recognition of tax positions taken or expected to be taken in a tax return. This guidance also provides related guidance on measurement, classification, interest and penalties, and disclosure. Provisions for income taxes on unrelated business income are made when required for income from non-exempt activities and paid during the year. No provision has been made for Federal income taxes in the accompanying financial statements.

Fair Value of Financial Instruments - TPCN adopted guidance which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other liabilities approximated fair value at August 31, 2010 and 2009, because of their relatively short maturity.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Examples of management's use of estimates and assumptions include, but are not limited to, the allowance for doubtful accounts, fixed asset depreciation and useful life estimates.

Subsequent Events - TPCN evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Organization's financial statements are issued. For the financial statements as of and for the year ending August 31, 2010, this date was December 16, 2010.

Note 2 - Cash and Cash Equivalents

The composition of TPCN's cash and cash equivalents as of August 31, 2010 and 2009 is as follows:

	2010	2009
Cash and demand deposits	$ 353,627	$ 297,697
Money market accounts	3,427	190,623
Total cash and cash equivalents	$ 357,054	$ 488,320

TPCN had approximately $123,398 and $0 in deposits in excess of the Federal Deposit Insurance Corporation limit as of August 31, 2010 and 2009, respectively. The deposit in excess amounts are calculated based on TPCN's bank balances.

Note 3 - Property and Equipment

As of August 31, 2010, property and equipment are as follows:

	August 31, 2009	Additions	Disposals	August 31, 2010
Equipment	$ 57,212	2,571	-	$ 59,783
Furniture	14,817	2,221	-	17,038
Total	72,029	4,792	-	76,821
Less: accumulated depreciation	(58,421)	(3,740)	-	(62,161)
Net property and equipment	$ 13,608	1,052	-	$ 14,660

As of August 31, 2009, property and equipment are as follows:

	August 31, 2008	Additions	Disposals	August 31, 2009
Equipment	$ 56,613	599	-	$ 57,212
Furniture	14,272	545	-	14,817
Total	70,885	1,144	-	72,029
Less: accumulated depreciation	(41,599)	(16,822)	-	(58,421)
Net property and equipment	$ 29,286	(15,678)	-	$ 13,608

Depreciation expense was $3,740 and $16,822 for the years ended August 31, 2010 and 2009, respectively.

Note 4 - Operating Lease Commitment

On September 4, 2009, TPCN entered into a forty-seven month operating lease for its office facility requiring rent of approximately $47,000 annually. Future minimum rental payments due under this lease which have initial or remaining terms in excess of one year are as follows:

2011	$	46,227
2012		47,603
2013		49,032
Total	$	142,862

Rent expense for the years ended August 31, 2010 and 2009 was $48,360 and $33,244, respectively.

Note 5 - Related Parties and Concentrations

TPCN entered into a new two-year agreement with the Texas Health and Human Services Commission on September 14, 2009, for program and administrative services to implement a statewide program for females focused on pregnancy support services that promote childbirth. Under the agreement, TPCN will receive $4 million in both 2010 and 2011 and has the option to renew the agreement for an additional four years. Approximately 98% of TPCN's revenues were a result of this agreement for the years ended August 31, 2010 and 2009.

Note 6 - Commitments and Contingencies

At August 31, 2010, there were no significant outstanding legal actions or claims against TPCN. TPCN is subject to various claims and liabilities in the ordinary course of business. TPCN maintains various forms of insurance that TPCN's management believes are adequate to reduce the exposure to such risks to an acceptable level.

TEXAS PREGNANCY CARE NETWORK
Supplemental Schedule - Reconciliation of Cash Received by
Texas Pregnancy Care Network to Statement of Functional Expenses
For the Year Ended August 31, 2010

Cash received from Texas Health and Human Services Commission		$ 4,000,000
Report of federal expenses to the Texas Health and Human Services Commission		$ 4,000,000
Current year audit adjustments		-
Total expenditures of federal awards		4,000,000
Reconciling items:		
Depreciation	$ 3,470	
Inventory and property adjustments	(6,763)	
Interest	1,002	
Management and general expenses	62,908	
Total adjustments		60,617
Total functional expenses		$ 4,060,617

PMB Helin Donovan
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' 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
Texas Pregnancy Care Network:

We have audited the financial statements of Texas Pregnancy Care Network as of and for the year ended August 31, 2010, and have issued our report thereon dated December 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Texas Pregnancy Care Network's internal control over financial reporting as a basis for designing our auditing procedures 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 Texas Pregnancy Care Network's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Texas Pregnancy Care Network's internal control over financial reporting.

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.

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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Texas Pregnancy Care Network's 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*.

This report is intended solely for the information and use of management and Board of Directors of Texas Pregnancy Care Network and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

December 16, 2010

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Independent Auditors' Report on Compliance with Requirements That Could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Schedule of Expenditures of Federal Awards

To the Board of Directors
Texas Pregnancy Care Network:

Compliance

We have audited Texas Pregnancy Care Network's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Texas Pregnancy Care Network's major federal program for the year ended August 31, 2010. Texas Pregnancy Care Network's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Texas Pregnancy Care Network's management. Our responsibility is to express an opinion on Texas Pregnancy Care Network's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal programs occurred. An audit includes examining, on a test basis, evidence about Texas Pregnancy Care Network's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Texas Pregnancy Care Network's compliance with those requirements.

In our opinion, Texas Pregnancy Care Network's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended August 31, 2010.

Internal Control Over Compliance

Management of Texas Pregnancy Care Network is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Texas Pregnancy Care Network's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Texas Pregnancy Care Network's internal control over compliance.

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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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management and Board of Directors of Texas Pregnancy Care Network, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PMB HELIN DONOVAN, LLP

PMB Helin Donovan, LLP

December 16, 2010

TEXAS PREGNANCY CARE NETWORK
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2010

Cluster Name / Federal Grantor / Program Name / Pass-Through Entity	CFDA	Federal / Pass-Through Entity Identifing No./ State	Grant Period	Grant Award	Federal Expenditures
U.S. Department of Health and Human Services					
Temporary Assistance for Needy Families					
Pass through from Texas Health and Human Services Commission	93.558	N/A	9/1/2009 - 8/31/2011	$ 8,000,000	$ 4,000,000
Total Federal expenditures					$ 4,000,000

See accompanying notes to the schedule of expenditures of federal awards.

TEXAS PREGNANCY CARE NETWORK
Notes to Schedule of Expenditures of Federal Awards
Year Ended August 31, 2010

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the activity of all programs administered by the Texas Pregnancy Care Network. The Texas Pregnancy Care Network's organization is defined in Note 1 of Texas Pregnancy Care Network's basic financial statements.

(b) Basis of Presentation

The Schedule presents total awards expended for each individual program in accordance with the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

(c) Basis of Accounting

The expenditures for the federal financial assistance programs are presented on the accrual basis of accounting, which is defined in Note 1 of Texas Pregnancy Care Network's basic financial statements.

(2) Relationship to Financial Reports

The amounts reported in the financial reports agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note 1 of Texas Pregnancy Care Network's financial statements.

TEXAS PREGNANCY CARE NETWORK
Schedule of Findings and Questioned Costs
Year Ended August 31, 2010

Section 1 - Summary of Auditors' Results

A. Financial Statements

Type of auditors' report issued:	**Unqualified opinion**
Internal control over financial reporting:	
• Material weakness(es) identified?	**No**
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	**None reported**
Noncompliance material to financial statements noted?	**No**

B. Federal Awards

Internal control over compliance:	
• Material weakness(es) identified?	**No**
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	**None reported**
Type of auditors' report issued on compliance for major programs:	**Unqualified opinion**
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	**No**

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish programs:	**$300,000**
Auditee qualified as low-risk auditee:	**No**

Section II - Financial Statement Findings

None reported

TEXAS PREGNANCY CARE NETWORK
Schedule of Findings and Questioned Costs
Year Ended August 31, 2010

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - Summary Schedule of Prior Audit Findings

None reported.