

**THE CHILDREN'S BEREAVEMENT CENTER  
OF SOUTH TEXAS**

**FINANCIAL STATEMENTS WITH  
COMPLIANCE REPORTING**

**December 31, 2018 and 2017**

**THE CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS**  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
The Children's Bereavement Center of South Texas  
San Antonio, Texas

### **Report on Financial Statements**

We have audited the accompanying financial statements of The Children's Bereavement Center of South Texas (CBCST), a non-profit corporation, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities (with comparative totals for 2017), functional expenses (with comparative totals for 2017), and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

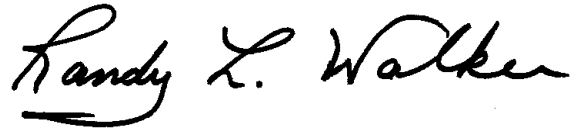
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CBCST as of December 31, 2018 and 2017, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2019 on pages 16-17 on our consideration of CBCST's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CBCST's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Randy L. Walker". The signature is written in a cursive style with a prominent underline at the end.

San Antonio, Texas  
May 8, 2019

## **Financial Statements**

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2018 and 2017**

	2018	2017
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 417,850	\$ 773,078
Grants Receivable	411,455	94,234
Prepaid Expenses	42,911	50,567
Total Current Assets	872,216	917,879
<b><u>LONG-TERM ASSETS</u></b>		
Investments	1,049,822	1,069,763
Property and Equipment, net	2,572,061	1,886,223
Total Long-Term Assets	3,621,883	2,955,986
<b>TOTAL ASSETS</b>	<b>\$ 4,494,099</b>	<b>\$ 3,873,865</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 15,570	\$ 31,637
Accrued Expenses	49,948	47,762
Deferred Income	90,050	91,750
Note Payable	685,000	-
<b>TOTAL LIABILITIES</b>	<b>840,568</b>	<b>171,149</b>
<b><u>NET ASSETS</u></b>		
Without Donor Restrictions:		
Undesignated	689,221	624,326
Board-Designated: Future Operations	775,000	775,000
Board-Designated: Investment in Fixed Assets	1,887,061	1,886,223
Total Without Donor Restrictions	3,351,282	3,285,549
With Donor Restrictions	302,249	417,167
<b>TOTAL NET ASSETS</b>	<b>3,653,531</b>	<b>3,702,716</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,494,099</b>	<b>\$ 3,873,865</b>

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

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2018**  
**(with comparative totals for 2017)**

	2018			2017 Total (Restated)
	Without Donor Restrictions	With Donor Restrictions	Total	
<b><u>OPERATING SUPPORT AND REVENUE</u></b>				
Grants and Foundations	\$ 462,996	\$ 360,535	\$ 823,531	\$ 734,201
Contributions	729,864	7,500	737,364	806,108
In-Kind Contributions	391,682	-	391,682	314,901
Government Grants	367,562	-	367,562	45,738
Fundraising Events, net of direct expenses of \$76,912 and \$164,800, respectively	262,871	-	262,871	174,961
Program Fees	28,571	-	28,571	20,360
Capital Campaign	-	9,454	9,454	-
Net Assets Released from Restrictions	492,407	(492,407)	-	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>2,735,953</b>	<b>(114,918)</b>	<b>2,621,035</b>	<b>2,096,269</b>
<b><u>OPERATING EXPENSES</u></b>				
Program Services	2,275,134	-	2,275,134	1,964,746
Supporting Services	375,873	-	375,873	324,438
<b>TOTAL OPERATING EXPENSES</b>	<b>2,651,007</b>	<b>-</b>	<b>2,651,007</b>	<b>2,289,184</b>
<b>CHANGE IN NET ASSETS BEFORE NON- OPERATING ACTIVITY</b>	<b>84,946</b>	<b>(114,918)</b>	<b>(29,972)</b>	<b>(192,915)</b>
<b><u>NON-OPERATING ACTIVITY</u></b>				
Investment (Loss) Income, net	(19,213)	-	(19,213)	137,208
<b>TOTAL NON-OPERATING ACTIVITY</b>	<b>(19,213)</b>	<b>-</b>	<b>(19,213)</b>	<b>137,208</b>
<b>CHANGE IN NET ASSETS AFTER NON- OPERATING ACTIVITY</b>	<b>65,733</b>	<b>(114,918)</b>	<b>(49,185)</b>	<b>(55,707)</b>
<b>NET ASSETS, Beginning of Year</b>	<b>3,285,549</b>	<b>417,167</b>	<b>3,702,716</b>	<b>3,758,423</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 3,351,282</b>	<b>\$ 302,249</b>	<b>\$ 3,653,531</b>	<b>\$ 3,702,716</b>

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

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2018**  
**(with comparative totals for 2017)**

	Program Services				Supporting Services				2018 Total	2017 Total (Restated)
	Child Services	CBC-RGV Initiative	CBC- Sutherland	Community Outreach	Total Program Services	Fundraising	Management and General	Total Supporting Services		
<b><u>OPERATING EXPENSES</u></b>										
Salaries and Related Expenses	\$ 573,779	\$ 237,285	135,008	\$ 144,846	\$ 1,090,918	\$ 154,916	\$ 107,051	\$ 261,967	\$ <b>1,352,885</b>	\$ 1,257,067
In-Kind Goods and Services	343,012	46,753	-	-	389,765	905	1,012	1,917	<b>391,682</b>	314,801
Depreciation Expense	86,411	12,550	17,860	4,801	121,622	2,400	2,402	4,802	<b>126,424</b>	103,529
Office Rent Expense	4,702	54,000	43,025	5,445	107,172	9,808	2,267	12,075	<b>119,247</b>	74,098
Supplies and Food	57,169	8,986	20,833	7,847	94,835	970	4,327	5,297	<b>100,132</b>	86,192
Professional Fees	35,030	12,614	15,694	6,783	70,121	7,506	4,864	12,370	<b>82,491</b>	59,494
Contractual Services	45,513	-	16,409	830	62,752	3,854	3,971	7,825	<b>70,577</b>	36,278
Repairs and Maintenance	36,735	1,250	14,655	2,246	54,886	1,120	1,210	2,330	<b>57,216</b>	49,382
Printing and Publications	25,297	3,066	6,276	9,381	44,020	6,321	1,659	7,980	<b>52,000</b>	40,749
Marketing and Public Relations	8,430	1,674	2,369	11,132	23,605	4,248	13,972	18,220	<b>41,825</b>	42,698
Dues, Fees and Subscriptions	17,395	5,253	5,335	4,767	32,750	3,602	2,028	5,630	<b>38,380</b>	24,727
Student Stipends	34,603	-	-	625	35,228	1,500	1,375	2,875	<b>38,103</b>	30,822
Travel	6,979	9,254	3,952	5,862	26,047	857	1,716	2,573	<b>28,620</b>	40,905
Insurance - Liability	18,805	2,000	1,930	2,559	25,294	731	1,373	2,104	<b>27,398</b>	19,246
Professional Development	7,413	2,143	479	6,626	16,661	2,572	5,897	8,469	<b>25,130</b>	28,835
Equipment Expense	12,153	6,574	422	2,231	21,380	1,347	2,251	3,598	<b>24,978</b>	39,056
Utilities	13,426	-	6,726	812	20,964	512	441	953	<b>21,917</b>	14,915
Telephone	6,832	7,808	3,163	863	18,666	325	1,052	1,377	<b>20,043</b>	16,205
Events	-	5,628	195	3,475	9,298	594	-	594	<b>9,892</b>	2,818
Bank and Credit Card Fees	2,789	425	181	506	3,901	1,153	2,843	3,996	<b>7,897</b>	-
Postage and Shipping	2,759	249	393	698	4,099	2,466	751	3,217	<b>7,316</b>	7,367
Uncollectable Pledges	-	1,150	-	-	1,150	2,750	-	2,750	<b>3,900</b>	-
Miscellaneous	-	-	-	-	-	-	2,954	2,954	<b>2,954</b>	-
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,339,232</b>	<b>\$ 418,662</b>	<b>294,905</b>	<b>\$ 222,335</b>	<b>\$ 2,275,134</b>	<b>\$ 210,457</b>	<b>\$ 165,416</b>	<b>\$ 375,873</b>	<b>\$ 2,651,007</b>	<b>\$ 2,289,184</b>

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



**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in Net Assets from Operations	\$ (49,185)	\$ (55,707)
Adjustments to Reconcile Net Change to Net Cash		
(Used) Provided by Operations:		
Depreciation Expense	126,424	103,529
Unrealized and Realized Loss (Gain) on Investments	31,833	(132,760)
(Increase) Decrease in Assets:		
Grants Receivable	(317,221)	66,952
Prepaid Expenses	7,656	6,277
(Decrease) Increase in Liabilities:		
Accounts Payable	(16,067)	(22,586)
Accrued Expenses	2,186	13,099
Deferred Income	(1,700)	44,330
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b>(216,074)</b>	<b>23,134</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of Investments	(11,892)	(8,788)
Purchase of Property and Equipment	(812,262)	(43,258)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(824,154)</b>	<b>(52,046)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
New Borrowings on Debt	685,000	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>685,000</b>	<b>-</b>
<b>NET DECREASE IN CASH FLOWS</b>	<b>(355,228)</b>	<b>(28,912)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>773,078</b>	<b>801,990</b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>\$ 417,850</b>	<b>\$ 773,078</b>

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

**THE CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES**

*Basis of Accounting*

The accompanying statements of The Children’s Bereavement Center of South Texas 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.

*Organization and Nature of Activities*

The Children’s Bereavement Center of South Texas (CBCST) was organized in Texas on February 20, 1997 as a non-profit corporation. CBCST provides support groups, counseling, and community awareness programs, and it produces educational material directed towards children who have experienced trauma from the death of a loved one. CBCST’s mission is to foster healing for grieving youth, their families and the community through peer support programs, counseling, training, education and outreach.

In February 2017, CBCST opened The Children’s Bereavement Center of Rio Grande Valley to provide support groups, counseling, and community awareness programs for children in the Rio Grande Valley who have experienced trauma from the death of a loved one.

In August 2018, CBCST opened Paloma Place in Floresville, Texas to assist with the response efforts for the church shooting in Sutherland Springs.

*Basis of Presentation*

CBCST 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 (the Board) are reported as net assets without donor restrictions, board-designated.
- Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that are more restrictive than CBCST’s mission and purpose. 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 purposes for which the resource was restricted has been fulfilled, or both.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash and Cash Equivalents*

For purposes of the statements of cash flows, CBCST considers all highly liquid savings and securities with a maturity of three months or less to be cash equivalents.

**THE CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

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

*Contributions and Grants*

CBCST reports contributions and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets or funds. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

*Income Taxes*

CBCST is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and as such qualifies for the maximum charitable contribution deduction by donors. As of December 31, 2018, the tax years that remain subject to examination by taxing authorities begin with 2016.

*Property and Equipment*

Purchased property and equipment are stated at cost. Donated assets are recorded at estimated market value at the date of donation. Expenses for betterments that materially extend the useful life of an asset are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Building	39 years
Computer Equipment and Software	3 to 10 years
Furniture and Equipment	3 to 10 years
Vehicles	5 years
Website	5 years

*Deferred Income*

Deferred income represents funds received from donors that are provided for the following year's operating budget and advanced table sales for the following year's annual gala.

*New Accounting Pronouncements*

In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management does not expect the new standard to have a significant impact on its financial position, results of operations, and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2019. A lessee will be required to recognize on the statements of financial position the assets and liabilities for leases with lease terms of more than twelve months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

*Advertising Costs*

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2018 and 2017 was \$23,315 and \$24,468, respectively.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

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

*Recently Adopted Accounting Pronouncements*

In August 2016, the FASB issued Accounting Standard Update 2016-14, regarding the reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017 with early adoption encouraged. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expense by function and natural classification, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. CBCST early adopted this new pronouncement effective January 1, 2017.

*Functional Allocation of Expenses*

The costs of providing the various programs and general and administrative expenses have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort, as well as utilities, depreciation, insurance, and other operating expenses, which are allocated on the basis of square footage or some other reasonable basis.

**NOTE 2 – GRANTS RECEIVABLE**

Grants receivable represents unconditional gifts from donors and reimbursements from state and local agencies that management considers to be fully collectible. Therefore, no allowance for doubtful accounts has been established. CBCST had grants receivable of \$411,455 and \$94,234 at December 31, 2018 and 2017, respectively.

**NOTE 3 – IN-KIND CONTRIBUTIONS**

CBCST receives significant support from the public in the form of in-kind services. For the years ended December 31, 2018 and 2017, in-kind services provided by volunteers with specialized skills totaled 13,735 and 11,483 hours, respectively. The total value of these services amounted to \$338,441 and \$291,278, respectively. These services included program facilitators and counselors, community outreach, secretarial, fundraising, and grant writing.

Many other unpaid volunteers have made contributions of their time to CBCST during the years ended December 31, 2018 and 2017. The value of this contributed time is not reflected in the accompanying financial statements since it is not susceptible to objective measurement or valuation.

During the years ended December 31, 2018 and 2017, CBCST also received in-kind rent and donations of goods valued at \$53,241 and \$23,523, respectively.

**NOTE 4 – NOTE PAYABLE**

In December 2018, CBCST entered into a note agreement for \$685,000 to purchase a new building. The note bears interest of 5 percent per annum and matures in December 2019. Interest-only payments are due in quarterly installments beginning March 14, 2019. The note is secured by all present and future rent and other income and receipts from the property.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were for the following purposes at December 31:

	<u>2018</u>	<u>2017</u>
CBC-RGV Initiative	\$ 165,675	\$ 50,000
Wonders & Worries/START Center	101,699	175,000
Sibling Group	34,875	41,667
Healing Programs for Grieving Youth	-	120,000
Sutherland Springs	-	30,000
Dishwasher Replacement	-	500
Total	\$ <u>302,249</u>	\$ <u>417,167</u>

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Building	\$ 2,828,035	\$ 2,074,833
Furniture and Equipment	470,304	422,587
Land	107,832	107,832
Vehicles	45,996	45,996
Computer Equipment and Software	37,074	25,731
Website	34,985	34,985
	<u>3,524,226</u>	<u>2,711,964</u>
Less Accumulated Depreciation	<u>(952,165)</u>	<u>(825,741)</u>
Total Property and Equipment (net)	\$ <u>2,572,061</u>	\$ <u>1,886,223</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$126,424 and \$103,529, respectively.

**NOTE 7 – BOARD-DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS**

Board-designated net assets without donor restrictions were for the following purposes at December 31:

	<u>2018</u>	<u>2017</u>
Future Operations	\$ 775,000	\$ 775,000
Investment in Fixed Assets	1,887,061	1,886,223
Total	\$ <u>2,662,061</u>	\$ <u>2,661,223</u>

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 8 – OPERATING LEASE COMMITMENTS**

CBCST has several non-cancelable operating leases for copiers and office equipment that expire on various dates through January 2021. Lease payments range from \$120 to \$212 per month for a period of 36-48 months. Total office equipment lease expense for the years ended December 31, 2018 and 2017 was \$20,623 and \$22,758, respectively.

In August 2015, CBCST entered into a three-year non-cancellable operating lease agreement for office space that expires in August 2018 with monthly rental payments of \$1,875. CBCST entered into an office space lease for the Rio Grande Valley center in February 2017. Lease payments are \$4,500 per month for 36 months. CBCST entered into an office space lease for Paloma Place in April 2018 with monthly rental payments of \$4,000 for 120 months. Rent expense under these agreements for the years ended December 31, 2018 and 2017 was \$116,947 and \$72,241, respectively.

The total future required minimum lease payments for these operating leases are as follows:

Years Ending December 31,		
2019	\$	108,014
2020		59,190
2021		56,370
2022		59,250
2023		62,250
Thereafter		<u>297,750</u>
	Total \$	<u>642,824</u>

**NOTE 9 – INVESTMENTS**

Investments consisted of the following at December 31:

	2018		2017	
	Fair Value	Cost	Fair Value	Cost
Cash/Money Accounts	\$ 347	\$ 347	\$ 597	\$ 597
Equities	710,606	701,139	784,764	698,975
Fixed Income - Bonds	338,869	351,254	284,402	290,987
Total	<u>\$ 1,049,822</u>	<u>\$ 1,052,740</u>	<u>\$ 1,069,763</u>	<u>\$ 990,559</u>

Investment activity consisted of the following for the years ended December 31:

	2018	2017
Interest and Dividends	\$ 13,881	\$ 10,589
Realized Gain	-	684
Unrealized (Loss) Gain	(31,833)	132,076
Investment Fees	(1,261)	(6,141)
Total	<u>\$ (19,213)</u>	<u>\$ 137,208</u>

**THE CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 10 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

CBCST adopted the provisions of ASC 820, “*Fair Value Measurements and Disclosures*” (formerly SFAS 157). 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 adoption of ASC 820 did not affect CBCST’s financial position or results of operations.

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.

CBCST does not have Level 2 or Level 3 assets or liabilities.

CBCST’s financial instruments (Level 1) were as follows at December 31:

	<u>2018</u>		<u>2017</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:				
Cash and Cash Equivalents	\$ 417,850	\$ 417,850	\$ 773,078	\$ 773,078
Grants Receivable	\$ 411,455	\$ 411,455	\$ 94,234	\$ 94,234
Prepaid Expenses	\$ 42,911	\$ 42,911	\$ 50,567	\$ 50,567
Financial Liabilities:				
Accounts Payable	\$ 15,570	\$ 15,570	\$ 31,637	\$ 31,637
Accrued Expenses	\$ 49,948	\$ 49,948	\$ 47,762	\$ 47,762
Deferred Income	\$ 90,050	\$ 90,050	\$ 91,750	\$ 91,750
Note Payable	\$ 685,000	\$ 685,000	\$ -	\$ -

The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

CBCST’s financial instruments also include investments. The fair values of investments are based on quoted market prices for those or similar investments.

**NOTE 11 – CONCENTRATION OF CREDIT RISK**

CBCST maintains its cash balances in several checking accounts at five financial institutions. The Federal Deposit Insurance Corporation insures cash balances up to \$250,000 per bank. At December 31, 2018 and 2017, CBCST’s uninsured cash balances totaled \$33,975 and \$186,918, respectively, without consideration of reconciling items.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 12 – PROGRAM SERVICES**

CBCST's purpose is to help children and families who have experienced the death of someone significant in their lives. In addition to on-going support groups and counseling, CBCST provides training, crisis intervention, and consultation services to individuals, schools, churches, and various types of community agencies. The following tables reflect statistics of services provided to the public at large during the years ended December 31, 2018 and 2017. A "unit of service" is based on a mental health hour of 50 minutes of service provided to an individual or family by CBCST. Units of service may include direct and indirect support services provided to an individual or family.

Services provided at December 31, 2018:

	<u>Unduplicated Participants</u>	<u>Program Service Visits</u>	<u>Units of Service</u>
<b>Peer support program</b>			
Children and youth served	704	3,908	9,379
Adult caregivers served	546	2,734	6,562
Total peer support program	1,250	6,642	15,941
<b>Individual and family counseling program</b>			
Children and youth served	419	2,875	3,450
Adult caregivers served	158	940	1,128
Telephone calls and consultants	1,660	944	472
Total served under counseling program	2,237	4,759	5,050
<b>Family assessments</b>			
Children and youth served	902	982	1,768
Adult caregivers served	735	756	1,361
Total family assessments	1,637	1,738	3,129
<b>Camps and external groups</b>			
Pre-camp assessment, adults	42	43	77
Pre-camp assessment, children	30	31	56
Camp participants	136	442	3,672
Wonders & Worries	127	471	471
External groups	55	197	197
Total camps and external groups	* 390	1,184	4,473
<b>Family workshops and activities</b>	300	300	900
<b>Total bereavement program services</b>	* 2,464	* 13,027	* 27,487
<b>Community outreach services</b>			
Training, education and outreach	10,884	10,884	35,254
<b>Total for all programs and services</b>	* 13,348	* 23,911	* 62,741

\* Total omits duplicate participants



**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 12 – PROGRAM SERVICES (continued)**

Services provided at December 31, 2017:

	Unduplicated Participants	Program Service Visits	Units of Service
Peer support program			
Children and youth served	583	3,168	7,603
Adult caregivers served	441	2,242	5,381
Total peer support program	1,024	5,410	12,984
Individual and family counseling program			
Children and youth served	260	1,580	1,896
Adult caregivers served	70	504	605
Telephone calls and consultants	1,142	735	184
Total served under counseling program	1,472	2,819	2,685
Family assessments			
Children and youth served	842	926	1,667
Adult caregivers served	579	584	1,051
Total family assessments	1,421	1,510	2,718
Camps and external groups			
Pre-camp assessment, adults	50	61	110
Pre-camp assessment, children	68	83	149
Camp participants	92	888	3,036
Wonders & Worries	110	307	307
External groups	43	224	224
Total camps and external groups	* 161	1,563	3,826
Family workshops and activities	300	300	900
Total bereavement program services	* 2,181	* 11,244	* 23,817
Community outreach services			
Training, education and outreach	5,628	5,628	12,784
Total for all programs and services	* 7,809	* 16,872	* 36,601

\* Total omits duplicate participants

**NOTE 13 – PRIOR PERIOD RESTATEMENT**

During the year ended December 31, 2018, an evaluation of in-kind contributions revealed an understatement of \$23,523 in in-kind contribution income and expense for the year ended December 31, 2017 due to exclusion of in-kind rent. Correction of this misstatement resulted in an increase of \$23,523 in in-kind contribution income and expense for the year ended December 31, 2017. There was no change in net assets at December 31, 2017.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2018 and 2017**

**NOTE 14 – SUBSEQUENT EVENTS**

CBCST has evaluated subsequent events through May 8, 2019, which is the date the financial statements were available to be issued.

**NOTE 15 – LIQUIDITY AND AVAILABILTY OF FINANCIAL RESOURCES**

The following reflects CBCST's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-stipulated restrictions and internal designations that are amounts set aside for operating and other reserves that could be drawn upon if the Board approves that action.

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 417,850	\$ 773,078
Investments	1,049,822	1,069,763
Grants Receivable	<u>411,455</u>	<u>94,234</u>
Total Financial Assets	<u>1,879,127</u>	1,937,075
Board Designations	(775,000)	(775,000)
Donor Restrictions	<u>(302,249)</u>	<u>(417,167)</u>
Financial Assets Available to Meet Cash		
Needs for Expenditures Within One Year	\$ <u>826,878</u>	\$ <u>769,908</u>

**NOTE 16 – PRIOR PERIOD RECLASSIFICATION**

The following reclassification between accounts was made to the financial statements for the year ended December 31, 2017: \$45,738 from grant and foundation to government grant revenue. The reclassification had no effect on the previously reported change in net assets.

## **Other Reporting Required**

**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  
The Children's Bereavement Center of South Texas  
San Antonio, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Children's Bereavement Center of South Texas (CBCST), a nonprofit organization, which comprise the statement of financial position as of December 31, 2018, 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 May 8, 2019.

**Internal Control Over Financial Reporting**

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

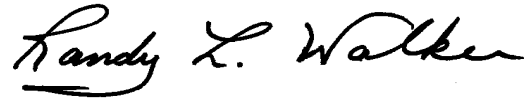
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CBCST'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 results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CBCST's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Randy L. Walker". The signature is written in a cursive style with a prominent underline under the first letter of the first name.

San Antonio, Texas  
May 8, 2019