

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

**CONSOLIDATED FINANCIAL STATEMENTS  
WITH COMPLIANCE REPORTING**

**December 31, 2020 and 2019**

**THE CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
CONSOLIDATED FINANCIAL STATEMENTS  
WITH COMPLIANCE REPORTING  
December 31, 2020 and 2019**

**TABLE OF CONTENTS**

Independent Auditor’s Report	1-2
<b>Financial Statements:</b>	
Consolidated Statements of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Financial Statements	7-17
<b>Supplementary Information:</b>	
Consolidating Statement of Financial Position	18
Consolidating Statement of Activities	19
<b>Other Reporting Required:</b>	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20-21



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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of The Children's Bereavement Center of South Texas and Children's Bereavement Center of South Texas Foundation (collectively, the Organization), non-profit corporations, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities (with comparative totals for 2019), functional expenses (with comparative totals for 2019), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedules on pages 18-19 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2021 on pages 20-21 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Randy Walker & Co*

San Antonio, Texas  
May 17, 2021

## **Financial Statements**

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019**

	2020	2019
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 2,682,674	\$ 1,386,842
Accounts Receivable	195,893	285,934
Pledges Receivable, Net - Current	1,205,495	1,680,117
Prepaid Expenses	54,673	53,111
<b>TOTAL CURRENT ASSETS</b>	<b>4,138,735</b>	<b>3,406,004</b>
<b><u>LONG-TERM ASSETS</u></b>		
Investments	2,046,369	1,283,034
Property and Equipment, Net	3,733,276	2,725,934
Pledges Receivable, Net - Long-Term	50,094	347,674
<b>TOTAL LONG-TERM ASSETS</b>	<b>5,829,739</b>	<b>4,356,642</b>
<b>TOTAL ASSETS</b>	<b>\$ 9,968,474</b>	<b>\$ 7,762,646</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 443,982	\$ 13,207
Accrued Expenses	97,771	58,071
Deferred Income	5,000	10,500
Line of Credit Payable	-	200,000
<b>TOTAL LIABILITIES</b>	<b>546,753</b>	<b>281,778</b>
<b><u>NET ASSETS</u></b>		
Without Donor Restrictions:		
Undesignated	1,855,807	826,192
Board-Designated	4,564,276	3,556,934
Total Without Donor Restrictions	<b>6,420,083</b>	<b>4,383,126</b>
With Donor Restrictions	<b>3,001,638</b>	<b>3,097,742</b>
<b>TOTAL NET ASSETS</b>	<b>9,421,721</b>	<b>7,480,868</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,968,474</b>	<b>\$ 7,762,646</b>

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

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2020  
(with comparative totals for 2019)**

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b><u>OPERATING SUPPORT AND REVENUE</u></b>				
General Contributions	\$ 1,111,262	\$ -	\$ 1,111,262	\$ 680,623
Grants and Foundations	577,085	186,000	763,085	758,799
Government Grants	559,994	-	559,994	470,917
Fundraising Contributions	305,543	-	305,543	286,785
In-Kind Contributions	218,713	-	218,713	284,800
Program Fees	9,340	-	9,340	17,267
Fundraising Events, Net of Direct Expenses of \$123,901 and \$123,283, respectively	8,636	-	8,636	18,176
Other Income	1,085	-	1,085	2,012
Net Assets Released from Restrictions	337,323	(337,323)	-	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>3,128,981</b>	<b>(151,323)</b>	<b>2,977,658</b>	<b>2,519,379</b>
<b><u>OPERATING EXPENSES</u></b>				
Program Services	2,092,724	-	2,092,724	2,267,839
Supporting Services	633,011	-	633,011	495,517
<b>TOTAL OPERATING EXPENSES</b>	<b>2,725,735</b>	<b>-</b>	<b>2,725,735</b>	<b>2,763,356</b>
<b>CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES</b>				
	403,246	(151,323)	251,923	(243,977)
<b><u>NON-OPERATING ACTIVITIES</u></b>				
Capital Campaign Contributions	-	1,791,021	1,791,021	3,917,579
PPP Revenue	-	299,700	299,700	-
Investment Income, Net	262,849	-	262,849	233,212
In-Kind Contributions - Capital Campaign	-	56,481	56,481	7,000
Supporting Services - Capital Campaign	(66,681)	-	(66,681)	(166,727)
Loss on Disposal of Asset	(654,440)	-	(654,440)	-
Net Assets Released from Restrictions	2,091,983	(2,091,983)	-	-
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>1,633,711</b>	<b>55,219</b>	<b>1,688,930</b>	<b>3,991,064</b>
<b>CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITIES</b>				
	2,036,957	(96,104)	1,940,853	3,747,087
<b>NET ASSETS, Beginning of Year</b>	<b>4,383,126</b>	<b>3,097,742</b>	<b>7,480,868</b>	<b>3,733,781</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 6,420,083</b>	<b>\$ 3,001,638</b>	<b>\$ 9,421,721</b>	<b>\$ 7,480,868</b>

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

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2020  
(with comparative totals for 2019)**

	Program Services				Supporting Services			2020 Total	2019 Total
	CBC - RGV Initiative	CBC - Sutherland	CBC - San Antonio	Total Program Services	Fundraising	Management and General	Total Supporting Services		
<b>EXPENSES</b>									
Salaries and Related Expenses	\$ 318,463	\$ 207,187	\$ 749,057	\$ 1,274,707	\$ 247,094	\$ 147,505	\$ 394,599	\$ 1,669,306	\$ 1,541,346
Professional Fees	12,757	13,454	115,359	141,570	5,106	83,654	88,760	230,330	285,954
Depreciation	-	21,628	111,025	132,653	2,884	8,651	11,535	144,188	149,135
Office Rent	65,344	63,624	2,591	131,559	429	298	727	132,286	168,524
Marketing and Public Relations	1,883	-	26,835	28,718	10,905	29,337	40,242	68,960	37,167
IT	8,305	8,230	30,987	47,522	12,548	5,080	17,628	65,150	32,428
Contractual Services	36,262	1,414	19,076	56,752	1,378	3,992	5,370	62,122	104,179
Repairs and Maintenance	3,700	15,336	33,755	52,791	4,619	3,700	8,319	61,110	64,973
Supplies and Food	2,527	1,407	30,585	34,519	77	789	866	35,385	52,748
Student Stipends	2,931	4,500	25,586	33,017	-	-	-	33,017	43,098
Utilities	-	11,869	9,814	21,683	2,292	2,462	4,754	26,437	29,045
Printing and Publications	1,723	1,108	18,008	20,839	3,070	1,858	4,928	25,767	22,872
Equipment	6,376	-	13,785	20,161	3,054	2,502	5,556	25,717	26,465
Telephone	8,590	6,632	6,265	21,487	1,206	995	2,201	23,688	24,402
Insurance - Liability	5,193	3,087	13,143	21,423	2,109	-	2,109	23,532	19,304
Recognition	1,103	415	5,818	7,336	2,554	10,083	12,637	19,973	30,639
Office Supplies	2,156	1,107	5,546	8,809	728	8,227	8,955	17,764	34,724
Professional Development	2,598	2,619	6,584	11,801	1,856	1,776	3,632	15,433	26,810
Bank and Credit Card Fees	271	159	656	1,086	1,826	6,368	8,194	9,280	5,267
Symposiums and Trainings	-	75	8,131	8,206	-	-	-	8,206	11,752
Dues, Fees and Subscriptions	693	565	4,204	5,462	586	1,590	2,176	7,638	6,671
Travel	1,145	4,296	1,544	6,985	64	431	495	7,480	34,251
Postage and Shipping	1,026	339	2,014	3,379	1,141	836	1,977	5,356	4,220
Events	-	-	46	46	5,165	-	5,165	5,211	7,382
Miscellaneous	-	-	213	213	-	2,186	2,186	2,399	-
<b>TOTAL EXPENSES</b>	<b>\$ 483,046</b>	<b>\$ 369,051</b>	<b>\$ 1,240,627</b>	<b>\$ 2,092,724</b>	<b>\$ 310,691</b>	<b>\$ 322,320</b>	<b>\$ 633,011</b>	<b>\$ 2,725,735</b>	<b>\$ 2,763,356</b>

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



**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2020 and 2019**

	2020	2019
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in Net Assets from Operations	\$ 1,940,853	\$ 3,747,087
Adjustments to Reconcile Net Change to Net Cash		
Provided by Operations:		
Depreciation	144,188	149,135
Unrealized Gain on Investments	(164,301)	(187,404)
Loss on Disposal of Asset	654,440	-
Decrease (Increase) in Assets:		
Accounts Receivable	90,041	125,521
Pledges Receivable, Net	772,202	(2,027,791)
Prepaid Expenses	(1,562)	(10,200)
Increase (Decrease) in Liabilities:		
Accounts Payable	430,775	(2,363)
Accrued Expenses	39,700	8,123
Deferred Income	(5,500)	700
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,900,836</b>	<b>1,802,808</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of Investments	(599,034)	(45,808)
Purchase of Property and Equipment	(1,805,970)	(303,008)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(2,405,004)</b>	<b>(348,816)</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Payments on Long-Term Debt	-	(685,000)
(Payments) Borrowings on Line of Credit	(200,000)	200,000
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<b>(200,000)</b>	<b>(485,000)</b>
<b>NET INCREASE IN CASH FLOWS</b>	<b>1,295,832</b>	<b>968,992</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b>1,386,842</b>	<b>417,850</b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b>\$ 2,682,674</b>	<b>\$ 1,386,842</b>
<b><u>SUPPLEMENTAL DISCLOSURE</u></b>		
Interest Paid	\$ 924	\$ 37,401

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

**THE CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES**

*Basis of Accounting*

The consolidated financial statements of The Children’s Bereavement Center of South Texas (CBCST) and Children’s Bereavement Center of South Texas Foundation (the Foundation) (collectively, the Organization) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

*Organization and Nature of Activities*

CBCST was organized in Texas on February 20, 1997 as a 501(c)(3) 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.

The Foundation was organized in Texas on January 23, 2020 as a 501(c)(3) supporting organization. The Foundation operates exclusively for the benefit of CBCST and to carry out and support the general charitable purposes of CBCST.

*Principles of Consolidation*

The consolidated financial statements include the accounts of CBCST and the Foundation. All significant interorganizational transactions and accounts are eliminated in consolidation.

*Basis of Presentation*

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

- Net Assets Without Donor Restrictions – 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 the Organization’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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**THE CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

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

*Cash and Cash Equivalents*

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

*Contributions and Grants*

The Organization 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 fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

*Income Taxes*

CBCST and the Foundation are exempt from federal income taxes under Sections 501(c)(3) and 509(a)(3), respectively, of the Internal Revenue Code and, as such, qualify for the maximum charitable contribution deduction by donors. As of December 31, 2020, the tax years that remain subject to examination by taxing authorities begin with 2017.

*Property and Equipment*

Purchased property and equipment are stated at cost. Donated assets are recorded at estimated market value at the date of donation. The Organization capitalizes all property and equipment with a cost greater than or equal to \$5,000 and a useful life of at least three years. 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

*Accounts Receivable*

Accounts receivable consists of 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. The Organization had accounts receivable of \$195,893 and \$285,934 at December 31, 2020 and 2019, respectively.

*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 consolidated 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 related expenses, which are allocated on the basis of estimates of time and effort, as well as professional fees, depreciation expense, office rent expense and other operating expenses, which are allocated on the basis of square footage or some other reasonable basis.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2020 and 2019**

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

*New Accounting Pronouncements*

In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2021. A lessee will be required to recognize on the consolidated 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 consolidated financial statements and related disclosures.

*Recently Adopted Accounting Pronouncements*

In 2018, the FASB issued Accounting Standards Update (ASU) 2018-13, *Changes to the Disclosure Requirements for Fair Value Measurement*, effective for periods beginning after December 15, 2019. This pronouncement improves the effectiveness of fair value measurement disclosures in the notes to the consolidated financial statements. The Organization adopted this new pronouncement effective January 1, 2020. The change was applied retrospectively, but there was no cumulative effect on beginning net assets as of this date.

In 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This update was followed up in 2018 by ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* and ASU 2018-09, *Codification Improvements*. These pronouncements provide guidance regarding the reporting and disclosure requirements of investments, effective for periods beginning after December 15, 2018. The Organization adopted these new pronouncements effective January 1, 2019.

In 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* effective for periods beginning after December 15, 2018. This pronouncement clarifies and improves the scope and the accounting guidance for contributions received and contributions made in order to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to other guidance and (2) determining whether a contribution is conditional. The Organization adopted this new pronouncement effective January 1, 2019.

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This new pronouncement provides guidance regarding revenue recognition effective for reporting periods beginning after December 15, 2019. The pronouncement affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets. The core principle of this update is that the entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. The Organization early adopted this new pronouncement effective January 1, 2019.

*Revenue - Exchange Transactions*

Fundraising and program fees revenue from exchange transactions is deferred from recognition until the event has occurred. Revenue is recorded at the close of the event when the performance obligation has been completed. Revenue is accrued for fundraising events that have been planned but have not occurred as of year-end. Any amounts received in excess of the benefit provided to the attendees is recorded as a contribution. Consideration is variable depending upon the nature of the event. There were no receivables or contract assets related to these exchange transactions at December 31, 2020 and 2019.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

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

*Contract Balances - Exchange Transactions*

Contract balances for exchange transactions related to deferred income were as follows for the years ended December 31:

		<u>2020</u>		<u>2019</u>
Beginning of Year	\$	10,500	\$	9,800
End of Year	\$	5,000	\$	10,500

*Advertising Costs*

Advertising costs are expensed as incurred and are included in marketing and public relations expense in the consolidated statement of functional expenses. Advertising expense for the years ended December 31, 2020 and 2019 was \$68,960 and \$37,167, respectively.

*Pledges Receivable*

The Organization recognizes promises to give, also known as pledges, in the consolidated financial statements when there is sufficient evidence in the form of verifiable documentation that a promise was made and received.

*Use of Estimates*

The preparation of consolidated 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.

**NOTE 2 – PLEDGES RECEIVABLE**

In accordance with *Accounting for Contributions Received and Contributions Made*, pledges have been reduced by management's estimate of the uncollectible portion of these pledges and discounted to their present value using a risk-free rate of return of 10% as of December 31, in the year in which the pledge was made.

Pledges receivable consisted of the following at December 31:

		<u>2020</u>		<u>2019</u>
Pledges Restricted For:				
Capital Campaign	\$	1,266,915	\$	2,064,410
Less Unamortized Discount		<u>(11,326)</u>		<u>(36,619)</u>
Net Pledges Receivable	\$	<u>1,255,589</u>	\$	<u>2,027,791</u>
Amount Due In:				
Less than One Year	\$	1,205,495	\$	1,680,117
One to Three Years		<u>50,094</u>		<u>347,674</u>
Total	\$	<u>1,255,589</u>	\$	<u>2,027,791</u>

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash and investment balances in several accounts at multiple financial institutions. The Federal Deposit Insurance Corporation insures cash balances up to \$250,000 per bank, while the Securities Investor Protection Corporation insures the balances in investment accounts up to \$500,000. At December 31, 2020 and 2019, the Organization's uninsured cash and investment balances totaled \$2,662,809 and \$1,407,439, respectively, without consideration of reconciling items.

**NOTE 4 – INVESTMENTS**

The fair value of investments was as follows at December 31:

	<u>2020</u>	<u>2019</u>
Cash/Money Market	\$ 100,090	\$ 379
Mutual Funds	416,594	-
Equities	1,067,025	921,072
Fixed Income	<u>462,660</u>	<u>361,583</u>
Total	<u>\$ 2,046,369</u>	<u>\$ 1,283,034</u>

Investment income totaled \$262,849 and \$233,212 for the years ended December 31, 2020 and 2019, respectively. Investment income is reported net of fees of \$1,868 and \$1,477 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Building - 205 W. Olmos	\$ 2,258,997	\$ 2,114,437
Building - 215 W. Olmos	-	669,935
Construction in Progress	1,829,679	217,036
Furniture and Equipment	483,384	476,913
Land	177,748	177,748
Vehicles	45,996	45,996
Computer Equipment and Software	50,953	42,934
Database	47,250	47,250
Website	<u>70,383</u>	<u>34,985</u>
	4,964,390	3,827,234
Less Accumulated Depreciation	<u>(1,231,114)</u>	<u>(1,101,300)</u>
Total Property and Equipment, Net	<u>\$ 3,733,276</u>	<u>\$ 2,725,934</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$144,188 and \$149,135, respectively.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 6 – NOTE PAYABLE**

In December 2018, the Organization entered into a note agreement for \$685,000 to purchase a new building. The note bears interest of 5 percent per annum and was fully paid in December 2019. Interest expense capitalized for the years ended December 31, 2020 and 2019 was \$-0- and \$34,393, respectively.

**NOTE 7 – LINES OF CREDIT**

During December 2018, the Organization entered into an agreement with Frost Bank for a line of credit of \$600,000. The line bears interest at 4.75% per annum and has an extended due date of December 26, 2020. The line is partially secured by \$300,000 of the Organization's investment accounts. The line of credit had a balance of \$-0- and \$200,000 at December 31, 2020 and 2019, respectively. Interest expense for the years ended December 31, 2020 and 2019 was \$924 and \$3,008, respectively. The line of credit balance was fully paid in January 2020.

During February 2020, the Organization entered into an agreement with Frost Bank for a line of credit of \$3,500,000. The line bears interest at the lesser of a rate equal to the Prime Rate per annum or 5.5% per annum and has a due date of February 12, 2023. The line of credit is secured by all of the Organization's capital campaign pledges receivable and the 215 W. Olmos building (subject to a negative pledge clause). There were no borrowings on this line of credit in 2020.

**NOTE 8 – BOARD-DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS**

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

	<u>2020</u>	<u>2019</u>
Future Operations	\$ 775,000	\$ 775,000
Short-Term Reserve Fund	56,000	56,000
Investment in Fixed Assets	<u>3,733,276</u>	<u>2,725,934</u>
Total	\$ <u>4,564,276</u>	\$ <u>3,556,934</u>

**NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2020</u>	<u>2019</u>
Capital Campaign	\$ 2,897,411	\$ 2,842,192
Sibling Group	62,500	63,893
Grief Support	28,875	75,000
RGV Technology	10,000	-
School-Based Groups	2,852	22,168
CBC-RGV Initiative	-	75,989
Individual and Group Counseling	-	<u>18,500</u>
Total	\$ <u>3,001,638</u>	\$ <u>3,097,742</u>

**THE CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 10 – RETIREMENT PLAN**

The Organization has a retirement plan, which is available to all employees. Employee contributions are matched by the Organization up to 3% of the employee’s annual compensation. Employer contributions to the plan were \$21,730 and \$21,882 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 11 – OPERATING LEASE COMMITMENTS**

The Organization has several non-cancelable operating leases for copiers and office equipment that expire on various dates through September 2023. Lease payments range from \$120 to \$1,055 per month for a period of 36-63 months. Total office equipment lease expense for the years ended December 31, 2020 and 2019 was \$21,168 and \$22,724, respectively.

Additionally, the Organization has lease agreements for office space at multiple locations that expire on various dates through April 2028. Lease payments range from \$2,450 to \$4,500 per month for a period of 15-120 months. Total rent expense under these agreements for the years ended December 31, 2020 and 2019 was \$141,110 and \$123,061, respectively.

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

Years Ending December 31,	
2021	\$ 123,030
2022	125,910
2023	76,245
2024	65,250
2025	68,250
Thereafter	<u>164,250</u>
Total	<u>\$ 622,935</u>

**NOTE 12 – IN-KIND CONTRIBUTIONS**

The Organization receives significant support from the public in the form of in-kind services. For the years ended December 31, 2020 and 2019, total hours provided by volunteers with specialized skills were 4,089 and 8,899, respectively. In-kind services included program facilitation and counseling, community outreach, secretarial, fundraising, legal services, project management, and grant writing. The total value of these services amounted to \$237,578 and \$223,365 for the years ended December 31, 2020 and 2019, respectively.

Many other unpaid volunteers have made contributions of their time to the Organization during the years ended December 31, 2020 and 2019. The value of this contributed time is not reflected in the accompanying consolidated financial statements since it is not susceptible to objective measurement or valuation.

During the years ended December 31, 2020 and 2019, the Organization also received in-kind rent and donations of goods valued at \$37,616 and \$61,435, respectively.



**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 13 – PROGRAM SERVICES**

The Organization'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, the Organization 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, 2020 and 2019. A "unit of service" is based on a mental health hour of 50 minutes of service provided to an individual or family by the Organization. Units of service may include direct and indirect support services provided to an individual or family.

Services provided for the year ended December 31, 2020:

	<u>Unduplicated Participants</u>	<u>Program Service Visits</u>	<u>Units of Service</u>
<b>Peer support program</b>			
Children and youth served	412	1,544	2,686
Adult caregivers served	281	1,007	1,882
Total peer support program	693	2,551	4,568
<b>Individual and family counseling program</b>			
Children and youth served	508	4,503	5,255
Adult caregivers served	186	1,013	1,122
Telephone calls and consultants	1,699	1,699	850
Total served under counseling program	2,393	7,215	7,227
<b>Intakes and assessments</b>			
Children and youth served	814	840	1,487
Adult caregivers served	614	631	1,138
Total family assessments	1,428	1,471	2,625
<b>Camps and external groups</b>			
Pre/Post camp assessment	31	31	56
Camp participants	67	197	1,773
External groups	58	300	300
Total camps and external groups	* 156	528	2,129
<b>Family workshops and activities **</b>	<b>120</b>	<b>120</b>	<b>360</b>
<b>Total bereavement program services</b>	<b>*2,107</b>	<b>*9,853</b>	<b>*15,689</b>
<b>Community outreach services</b>			
Training, education and outreach	322	1,418	2,127
<b>Total for all programs and services</b>	<b>*2,429</b>	<b>*11,271</b>	<b>*17,816</b>

\* Total omits duplicate participants

\*\* Estimated for 2020

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 13 – PROGRAM SERVICES (continued)**

Services provided for the year ended December 31, 2019:

	<b>Unduplicated Participants</b>	<b>Program Service Visits</b>	<b>Units of Service</b>
<b>Peer support program</b>			
Children and youth served	711	3,826	9,182
Adult caregivers served	552	2,711	6,506
Total peer support program	1,263	6,537	15,688
<b>Individual and family counseling program</b>			
Children and youth served	640	4,435	5,322
Adult caregivers served	332	1,060	1,272
Telephone calls and consultants	2,199	735	368
Total served under counseling program	3,171	6,230	6,962
<b>Family assessments</b>			
Children and youth served	1,113	1,232	2,307
Adult caregivers served	757	774	1,393
Total family assessments	1,870	2,006	3,700
<b>Camps and external groups</b>			
Pre-camp assessment, adults	31	32	58
Pre-camp assessment, children	51	52	94
Camp participants	141	515	4,753
External groups	96	571	571
Total camps and external groups	*319	1,170	5,476
<b>Family workshops and activities</b>	390	390	1,170
<b>Total bereavement program services</b>	*2,840	*15,273	*32,568
<b>Community outreach services</b>			
Training, education and outreach	5,178	139	10,401
<b>Total for all programs and services</b>	*8,018	*15,412	*42,969

\* Total omits duplicate participants

**NOTE 14 – RELATED PARTY TRANSACTIONS**

In December 2020, CBCST made a contribution to the Foundation of \$498,119. This amount was recorded as contribution expense by CBCST and contribution income by the Foundation. The contribution was eliminated in the consolidating statement of activities.

**THE CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 15 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The Organization 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 the Organization’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.

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

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

**NOTE 16 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The following reflects the Organization’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.

	<b>2020</b>	2019
Cash and Cash Equivalents	\$ <b>2,682,674</b>	\$ 1,386,842
Investments	<b>2,046,369</b>	1,283,034
Accounts Receivable	<b>195,893</b>	285,934
Pledge Receivables, Net - Current	<b>1,205,495</b>	1,680,117
Total Financial Assets	<b>6,130,431</b>	4,635,927
Board Designations:		
Future Operations	<b>(775,000)</b>	(775,000)
Short-Term Reserve Fund	<b>(56,000)</b>	(56,000)
Donor Restrictions	<b>(3,001,638)</b>	(3,097,742)
Financial Assets Available to Meet Cash		
Needs for Expenditures Within One Year	<b>\$ 2,297,793</b>	\$ 707,185

The Organization’s primary sources of cash flows are grants and contributions from foundations, individuals and corporations. The Organization has a consistent inflow of cash throughout the year to cover normal operating expenses.

**THE CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2020 and 2019**

**NOTE 17 – PRIOR PERIOD RECLASSIFICATIONS**

The following reclassifications between expense accounts were made to the consolidated financial statements for the year ended December 31, 2019: \$223,365 from in-kind goods and services to professional fees, \$51,324 from in-kind goods and services to office rent, and \$10,111 from in-kind goods and services to office supplies. These reclassifications had no effect on the previously reported change in net assets and total net assets at December 31, 2019.

**NOTE 18 – PAYCHECK PROTECTION PROGRAM**

During the year ended December 31, 2020, the Organization received a Paycheck Protection Program (PPP) loan of \$299,700 from the Small Business Administration as part of the CARES Act passed during the year to assist small businesses and non-profits affected by measures instituted in response to the COVID-19 pandemic. The amount was expended according to the time and purpose restrictions defined by the PPP. The Organization applied and was approved for forgiveness of the PPP loan in November 2020. Therefore, the loan was recognized as revenue in the consolidated statement of activities.

**NOTE 19 – SUBSEQUENT EVENTS**

The Organization continues to be affected by the COVID-19 pandemic. Therefore, the Organization applied for the second round of the PPP loan and received \$299,700 in February 2021.

The Organization has evaluated subsequent events through May 17, 2021, which is the date the financial statements were available to be issued.

## **Supplementary Information**

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
December 31, 2020  
(with comparative totals for 2019)**

	<b>Center</b>	<b>Foundation</b>	<b>2020 Total</b>	<b>2019 Total</b>
<b><u>ASSETS</u></b>				
<b><u>CURRENT ASSETS</u></b>				
Cash and Cash Equivalents	\$ 2,682,674	\$ -	\$ 2,682,674	\$ 1,386,842
Accounts Receivable	195,893	-	195,893	285,934
Pledges Receivable, Net - Current	1,205,495	-	1,205,495	1,680,117
Prepaid Expenses	54,673	-	54,673	53,111
<b>TOTAL CURRENT ASSETS</b>	<b>4,138,735</b>	<b>-</b>	<b>4,138,735</b>	<b>3,406,004</b>
<b><u>LONG-TERM ASSETS</u></b>				
Investments	1,532,775	513,594	2,046,369	1,283,034
Property and Equipment, Net	3,733,276	-	3,733,276	2,725,934
Pledges Receivable, Net - Long-Term	50,094	-	50,094	347,674
<b>TOTAL LONG-TERM ASSETS</b>	<b>5,316,145</b>	<b>513,594</b>	<b>5,829,739</b>	<b>4,356,642</b>
<b>TOTAL ASSETS</b>	<b>\$ 9,454,880</b>	<b>\$ 513,594</b>	<b>\$ 9,968,474</b>	<b>\$ 7,762,646</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b><u>CURRENT LIABILITIES</u></b>				
Accounts Payable	\$ 443,982	\$ -	\$ 443,982	\$ 13,207
Accrued Expenses	97,771	-	97,771	58,071
Deferred Income	5,000	-	5,000	10,500
Line of Credit Payable	-	-	-	200,000
<b>TOTAL LIABILITIES</b>	<b>546,753</b>	<b>-</b>	<b>546,753</b>	<b>281,778</b>
<b><u>NET ASSETS</u></b>				
Without Donor Restrictions:				
Undesignated	1,342,213	513,594	1,855,807	826,192
Board-Designated	4,564,276	-	4,564,276	3,556,934
Total Without Donor Restrictions	5,906,489	513,594	6,420,083	4,383,126
With Donor Restrictions	3,001,638	-	3,001,638	3,097,742
<b>TOTAL NET ASSETS</b>	<b>8,908,127</b>	<b>513,594</b>	<b>9,421,721</b>	<b>7,480,868</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,454,880</b>	<b>\$ 513,594</b>	<b>\$ 9,968,474</b>	<b>\$ 7,762,646</b>

See independent auditor's report.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND  
CHILDREN'S BEREAVEMENT CENTER FOUNDATION  
CONSOLIDATING STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2020  
(with comparative totals for 2019)**

	<u>Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>2020 Total</u>	<u>2019 Total</u>
<b><u>OPERATING SUPPORT AND REVENUE</u></b>					
General Contributions	\$ 1,111,262	\$ 498,119	\$ (498,119)	\$ 1,111,262	\$ 680,623
Grants and Foundations	763,085	-	-	763,085	758,799
Government Grants	559,994	-	-	559,994	470,917
Fundraising Contributions	305,543	-	-	305,543	286,785
In-Kind Contributions	218,713	-	-	218,713	284,800
Program Fees	9,340	-	-	9,340	17,267
Fundraising Events, Net of Direct Expenses of \$123,901 and \$123,283, respectively	8,636	-	-	8,636	18,176
Other Income	1,085	-	-	1,085	2,012
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<u>2,977,658</u>	<u>498,119</u>	<u>(498,119)</u>	<u>2,977,658</u>	<u>2,519,379</u>
<b><u>OPERATING EXPENSES</u></b>					
Program Services	2,590,843	-	(498,119)	2,092,724	2,267,839
Supporting Services	633,011	-	-	633,011	495,517
<b>TOTAL OPERATING EXPENSES</b>	<u>3,223,854</u>	<u>-</u>	<u>(498,119)</u>	<u>2,725,735</u>	<u>2,763,356</u>
<b>CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES</b>	<u>(246,196)</u>	<u>498,119</u>	<u>-</u>	<u>251,923</u>	<u>(243,977)</u>
<b><u>NON-OPERATING ACTIVITIES</u></b>					
Capital Campaign Contributions	1,791,021	-	-	1,791,021	3,917,579
PPP Revenue	299,700	-	-	299,700	-
Investment Income, Net	247,374	15,475	-	262,849	233,212
In-Kind Contributions - Capital Campaign	56,481	-	-	56,481	7,000
Supporting Services - Capital Campaign	(66,681)	-	-	(66,681)	(166,727)
Loss on Disposal of Asset	(654,440)	-	-	(654,440)	-
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<u>1,673,455</u>	<u>15,475</u>	<u>-</u>	<u>1,688,930</u>	<u>3,991,064</u>
<b>CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITIES</b>	1,427,259	513,594	-	1,940,853	3,747,087
<b>NET ASSETS, Beginning of Year</b>	<u>7,480,868</u>	<u>-</u>	<u>-</u>	<u>7,480,868</u>	<u>3,733,781</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 8,908,127</u>	<u>\$ 513,594</u>	<u>\$ -</u>	<u>\$ 9,421,721</u>	<u>\$ 7,480,868</u>

See independent auditor's report.

## **Other Reporting Required**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
The Children's Bereavement Center of South Texas and  
Children's Bereavement Center of South Texas Foundation  
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 consolidated financial statements of The Children's Bereavement Center of South Texas and Children's Bereavement Center of South Texas Foundation (collectively, the Organization), non-profit corporations, which comprise the consolidated statements of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 17, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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 the Organization's consolidated 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 the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Randy Walker & Co*

San Antonio, Texas  
May 17, 2021