

**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, 2021 and 2020

**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, 2021 and 2020**

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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

Opinion

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, 2021 and 2020, and the related consolidated statements of activities (with comparative totals for 2020), functional expenses (with comparative totals for 2020), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedules on pages 19-20 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 13, 2022 on pages 21-22 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 13, 2022

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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 1,781,825	\$ 2,682,674
Accounts Receivable	396,688	195,893
Pledges Receivable, net - current	190,667	1,205,495
Prepaid Expenses	85,158	54,673
TOTAL CURRENT ASSETS	<u>2,454,338</u>	<u>4,138,735</u>
<u>LONG-TERM ASSETS</u>		
Investments	3,121,996	2,046,369
Property and Equipment, net	4,674,541	3,733,276
Pledges Receivable, net - long-term	46,694	50,094
TOTAL LONG-TERM ASSETS	<u>7,843,231</u>	<u>5,829,739</u>
TOTAL ASSETS	\$ <u>10,297,569</u>	\$ <u>9,968,474</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 45,787	\$ 443,982
Accrued Expenses	97,084	97,771
Deferred Income	11,000	5,000
TOTAL LIABILITIES	<u>153,871</u>	<u>546,753</u>
<u>NET ASSETS</u>		
Without Donor Restrictions:		
Undesignated	2,565,376	1,855,807
Board-Designated	5,505,541	4,564,276
Total Without Donor Restrictions	8,070,917	6,420,083
With Donor Restrictions	2,072,781	3,001,638
TOTAL NET ASSETS	<u>10,143,698</u>	<u>9,421,721</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>10,297,569</u>	\$ <u>9,968,474</u>

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, 2021
(with comparative totals for 2020)**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>OPERATING SUPPORT AND REVENUE</u>				
Grants and Foundations	\$ 621,956	\$ 476,000	\$ 1,097,956	\$ 763,085
General Contributions	963,663	67,000	1,030,663	1,111,262
Government Grants	-	600,970	600,970	559,994
Fundraising Events, net of direct expenses of \$50,184 and \$123,901, respectively	254,266	-	254,266	314,179
In-Kind Contributions	175,194	-	175,194	218,713
Program Fees	4,754	-	4,754	9,340
Other Income	3,502	-	3,502	1,085
Net Assets Released from Restrictions	886,834	(886,834)	-	-
TOTAL OPERATING SUPPORT AND REVENUE	2,910,169	257,136	3,167,305	2,977,658
<u>OPERATING EXPENSES</u>				
Program Services	2,474,580	-	2,474,580	2,092,724
Supporting Services	524,313	-	524,313	633,011
TOTAL OPERATING EXPENSES	2,998,893	-	2,998,893	2,725,735
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES	(88,724)	257,136	168,412	251,923
<u>NON-OPERATING ACTIVITIES</u>				
PPP Revenue	-	299,700	299,700	299,700
Investment Income, net	297,404	-	297,404	262,849
Capital Campaign Contributions	-	5,222	5,222	1,791,021
In-Kind Contributions - Capital Campaign	-	2,650	2,650	56,481
Loss on Disposal of Assets	(25,496)	-	(25,496)	(654,440)
Supporting Services - Capital Campaign	(25,915)	-	(25,915)	(66,681)
Net Assets Released from Restrictions	1,493,565	(1,493,565)	-	-
TOTAL NON-OPERATING ACTIVITIES	1,739,558	(1,185,993)	553,565	1,688,930
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITIES	1,650,834	(928,857)	721,977	1,940,853
NET ASSETS, Beginning of Year	6,420,083	3,001,638	9,421,721	7,480,868
NET ASSETS, End of Year	\$ 8,070,917	\$ 2,072,781	\$ 10,143,698	\$ 9,421,721

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, 2021
(with comparative totals for 2020)**

	Program Services				Supporting Services				
	CBC - RGV Initiative	CBC - Sutherland	CBC - San Antonio	Total Program Services	Fundraising	Management and General	Total Supporting Services	2021 Total	2020 Total
<u>EXPENSES</u>									
Salaries and Related Expenses	\$ 369,377	\$ 125,956	\$ 1,012,586	\$ 1,507,919	\$ 170,693	\$ 108,166	\$ 278,859	\$ 1,786,778	\$ 1,669,306
Depreciation	1,074	22,906	118,699	142,679	23,802	34,708	58,510	201,189	144,188
Professional Fees	128,739	3,554	21,475	153,768	3,162	39,345	42,507	196,275	230,330
Office Rent	67,344	56,968	2,185	126,497	293	472	765	127,262	132,286
IT	30,577	9,910	51,104	91,591	12,707	3,481	16,188	107,779	65,150
Contractual Services	43,519	2,684	9,760	55,963	14,449	18,106	32,555	88,518	62,122
Marketing and Public Relations	38,118	3,500	16,656	58,274	4,681	862	5,543	63,817	68,960
Repairs and Maintenance	2,294	9,429	36,589	48,312	6,182	5,471	11,653	59,965	61,110
Student Stipends	-	4,875	43,968	48,843	1,125	-	1,125	49,968	33,017
Insurance - Liability	5,783	3,494	19,510	28,787	4,118	9,276	13,394	42,181	23,532
Printing and Publications	2,470	402	32,014	34,886	5,210	1,355	6,565	41,451	25,767
Utilities	-	9,652	18,767	28,419	3,724	2,245	5,969	34,388	26,437
Supplies and Food	5,258	995	27,413	33,666	-	-	-	33,666	35,385
Telephone	9,831	6,970	11,975	28,776	1,627	757	2,384	31,160	23,688
Recognition	3,335	571	11,907	15,813	1,906	9,326	11,232	27,045	19,973
Office Supplies	5,466	347	10,404	16,217	2,211	3,635	5,846	22,063	17,764
Dues, Fees and Subscriptions	2,616	93	11,698	14,407	510	5,997	6,507	20,914	7,638
Professional Development	2,981	1,137	6,598	10,716	2,611	5,404	8,015	18,731	15,433
Equipment	5,176	1,038	5,154	11,368	1,186	2,419	3,605	14,973	25,717
Travel	5,920	1,295	3,634	10,849	16	187	203	11,052	7,480
Bank and Credit Card Fees	514	5	292	811	-	10,019	10,019	10,830	9,280
Postage and Shipping	598	45	1,652	2,295	1,611	1,258	2,869	5,164	5,356
Symposiums and Trainings	557	-	2,931	3,488	-	-	-	3,488	8,206
Events	236	-	-	236	-	-	-	236	5,211
Miscellaneous	-	-	-	-	-	-	-	-	2,399
TOTAL EXPENSES	\$ 731,783	\$ 265,826	\$ 1,476,971	\$ 2,474,580	\$ 261,824	\$ 262,489	\$ 524,313	\$ 2,998,893	\$ 2,725,735

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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 721,977	\$ 1,940,853
Adjustments to Reconcile Net Change to Net Cash		
Provided by Operations:		
Depreciation	201,189	144,188
Unrealized Gain on Investments	(126,370)	(164,301)
Loss on Disposal of Assets	25,915	654,440
(Increase) Decrease in Assets:		
Accounts Receivable	(200,795)	90,041
Pledges Receivable, net	1,018,228	772,202
Prepaid Expenses	(30,485)	(1,562)
(Decrease) Increase in Liabilities:		
Accounts Payable	(398,195)	430,775
Accrued Expenses	(687)	39,700
Deferred Income	6,000	(5,500)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,216,777</u>	<u>3,900,836</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Investments	(949,257)	(599,034)
Purchase of Property and Equipment	(1,168,369)	(1,805,970)
NET CASH USED BY INVESTING ACTIVITIES	<u>(2,117,626)</u>	<u>(2,405,004)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Payments on Line of Credit	-	(200,000)
NET CASH USED BY FINANCING ACTIVITIES	<u>-</u>	<u>(200,000)</u>
NET (DECREASE) INCREASE IN CASH FLOWS	(900,849)	1,295,832
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>2,682,674</u>	<u>1,386,842</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 1,781,825</u></u>	<u><u>\$ 2,682,674</u></u>
<u>SUPPLEMENTAL DISCLOSURE</u>		
Interest Paid	\$ -	\$ 924

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, 2021 and 2020**

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 (CBC-RGV) 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. Paloma Place was closed in September 2021.

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 purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash 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.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (continued)

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 \$396,688 and \$195,893 at December 31, 2021 and 2020, 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.

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

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, 2021 and 2020 was \$63,817 and \$68,960, 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 depreciation expense, professional fees, office rent and other operating expenses, which are allocated on the basis of square footage or some other reasonable basis.

Contributions and Grants

The Organization records contributions and grants in accordance with Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Contributions and grants are reported 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.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (continued)

Revenue - Exchange Transactions

The Organization recognizes revenue related to exchange transactions in accordance with ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Fundraising and program fees revenues from exchange transactions are 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, 2021 and 2020.

Contract liabilities consist primarily of amounts received in connection with the Organization's fundraising events that will take place in future periods. Contract balances for exchange transactions related to deferred income were as follows for the years ended December 31:

		<u>2021</u>		<u>2020</u>
Beginning of Year	\$	5,000	\$	10,500
End of Year	\$	11,000	\$	5,000

New Accounting Pronouncements

In February 2016, the 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 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 pronouncement effective January 1, 2020.

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, 2021, the tax years that remain subject to examination by taxing authorities begin with 2018.

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.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND
CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS FOUNDATION**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 2 – 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, 2021 and 2020, the Organization's uninsured cash and investment balances totaled \$2,855,659 and \$2,662,809, respectively, without consideration of reconciling items.

NOTE 3 – 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>2021</u>	<u>2020</u>
Pledges Restricted For:		
Capital Campaign	\$ 248,165	\$ 1,266,915
Less Unamortized Discount	<u>(10,804)</u>	<u>(11,326)</u>
Net Pledges Receivable	\$ <u>237,361</u>	\$ <u>1,255,589</u>
Amount Due In:		
Less than One Year	\$ 190,667	\$ 1,205,495
One to Three Years	<u>46,694</u>	<u>50,094</u>
Total	\$ <u>237,361</u>	\$ <u>1,255,589</u>

NOTE 4 – INVESTMENTS

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

	<u>2021</u>	<u>2020</u>
Cash/Money Market	\$ 775,663	\$ 100,090
Mutual Funds	-	416,594
Equities	1,671,263	1,067,025
Fixed Income	<u>675,070</u>	<u>462,660</u>
Total	\$ <u>3,121,996</u>	\$ <u>2,046,369</u>

Investment income totaled \$297,404 and \$262,849 for the years ended December 31, 2021 and 2020, respectively. Investment income is reported net of fees of \$2,115 and \$1,868 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Building – 205 and 215 W. Olmos	\$ 5,230,271	\$ 2,258,997
Construction in Progress	-	1,829,679
Furniture and Equipment	224,590	483,384
Land	177,748	177,748
Vehicles	45,996	45,996
Computer Equipment and Software	44,156	50,953
Database	47,250	47,250
Website	35,398	70,383
	<u>5,805,409</u>	<u>4,964,390</u>
Less Accumulated Depreciation	<u>(1,130,868)</u>	<u>(1,231,114)</u>
Total Property and Equipment, net	\$ <u>4,674,541</u>	\$ <u>3,733,276</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$201,189 and \$144,188, respectively.

NOTE 6 – 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 matured on date of December 26, 2020. The line was partially secured by \$300,000 of the Organization's investment accounts. The line of credit had a balance of \$-0- at December 31, 2020. Interest expense for the years ended December 31, 2021 and 2020 was \$-0- and \$924, respectively.

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 maturity 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 2021 or 2020. The line of credit was closed in February 2022.

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>2021</u>	<u>2020</u>
Future Operations	\$ 775,000	\$ 775,000
Short-Term Reserve Fund	56,000	56,000
Investment in Fixed Assets	4,674,541	3,733,276
Total	\$ <u>5,505,541</u>	\$ <u>4,564,276</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, 2021 and 2020**

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Facility Maintenance	\$ 941,280	\$ -
Future Operations	770,138	-
CBC-RGV Initiative	206,263	-
CBC-RGV Counselor	67,000	-
Sibling Group	62,500	62,500
Grief Support	25,600	28,875
Capital Campaign	-	2,897,411
RGV Technology	-	10,000
School-Based Groups	-	2,852
Total	\$ <u>2,072,781</u>	\$ <u>3,001,638</u>

NOTE 9 – IN-KIND CONTRIBUTIONS

The Organization receives significant support from the public in the form of in-kind services. For the years ended December 31, 2021 and 2020, total hours provided by volunteers with specialized skills were 3,924 and 4,089, 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 \$164,824 and \$237,578 for the years ended December 31, 2021 and 2020, respectively.

Many other unpaid volunteers have made contributions of their time to the Organization during the years ended December 31, 2021 and 2020. 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, 2021 and 2020, the Organization also received in-kind rent and donations of goods valued at \$13,020 and \$37,616, respectively.

NOTE 10 – 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 (SBA) 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.

During the year ended December 31, 2021, the Organization received a second PPP loan of \$299,700 from the SBA 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 August 2021. Therefore, the loan was recognized as revenue in the consolidated statement of activities.

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December 31, 2021 and 2020

NOTE 11 – FUNDRAISING EVENTS

The Organization holds fundraising events each year. As discussed in Note 1, fundraising events are considered exchange transactions. For the years ended December 31, 2021 and 2020, the exchange portion of the fundraising events income was \$25,315 and \$95,905, respectively. The amount in excess of this exchange portion is considered contribution income.

NOTE 12 – 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 \$21,377 and \$21,730 for the years ended December 31, 2021 and 2020, respectively.

NOTE 13 – 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, 2021 and 2020 was \$22,565 and \$21,168, respectively.

Additionally, the Organization has lease agreements for office space at multiple locations that expire on various dates through January 2023. Lease payments range from \$504 to \$4,500 per month for a period of 15-120 months. Total rent expense under these agreements for the years ended December 31, 2021 and 2020 was \$122,372 and \$141,110, respectively.

In April 2022, CBC-RGV became an independent 501(c)(3) and will be liable for its lease payments.

The total future required minimum lease payments for all operating leases are as follows (excluding CBC-RGV's future required minimum lease payments):

Years Ending December 31,	
2022	\$ 27,671
2023	<u>9,495</u>
Total	\$ <u>37,166</u>

NOTE 14 – PRIOR PERIOD RECLASSIFICATION

The following reclassification between revenue accounts was made to the consolidated statement of activities for the year ended December 31, 2020: \$305,543 from fundraising contributions to fundraising events, net. This reclassification had no effect on the previously reported change in net assets and total net assets at December 31, 2020.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS AND
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 15 – 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, 2021 and 2020.

Services provided for the year ended December 31, 2021:

	Unduplicated Participants	Program Service Visits
Peer Support program		
Children and youth served	312	1,712
Adult caregivers served	203	953
Total peer support program	515	2,665
Individual and family counseling program		
Children and youth served	571	4,611
Adult caregivers served	148	962
Total served under counseling program	719	5,573
Intakes and assessments		
Children and youth served	1,054	1,181
Adult caregivers served	801	889
Telephone Calls/Consults	2,866	2,866
Total family assessments	4,721	4,936
Camps		
Pre/Post camp assessment	18	18
Camp participants	123	491
Total camps	141	509
School-based program		
Children and youth served	148	864
Adult caregivers served	45	53
Total school-based program	193	917
Family workshops and activities *	* 100	* 100
Total bereavement program services	* 6,196	* 14,700
Community outreach services		
Training, education and outreach	725	725
Total for all programs and services	* 6,921	* 15,425

* Total omits duplicate participants

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 15 – PROGRAM SERVICES (continued)

Services provided for the year ended December 31, 2020:

	Unduplicated Participants	Program Service Visits
Peer support program		
Children and youth served	412	1,544
Adult caregivers served	281	1,007
Total peer support program	693	2,551
Individual and family counseling program		
Children and youth served	508	4,503
Adult caregivers served	186	1,013
Telephone calls and consultants	1,699	1,699
Total served under counseling program	2,393	7,215
Intakes and assessments		
Children and youth served	814	840
Adult caregivers served	614	631
Total family assessments	1,428	1,471
Camps and external groups		
Pre/Post camp assessment	31	31
Camp participants	67	197
External groups	58	300
Total camps and external groups	* 156	528
Family workshops and activities **	120	120
Total bereavement program services	*2,107	*9,853
Community outreach services		
Training, education and outreach	322	1,418
Total for all programs and services	*2,429	*11,271

* Total omits duplicate participants

** Estimated for 2020

NOTE 16 – 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020**

NOTE 16 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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 17 – 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.

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,781,825	\$ 2,682,674
Investments	3,121,996	2,046,369
Accounts Receivable	396,688	195,893
Pledge Receivables, net - current	<u>190,667</u>	<u>1,205,495</u>
Total Financial Assets	5,491,176	6,130,431
Board Designations:		
Future Operations	(775,000)	(775,000)
Short-Term Reserve Fund	(56,000)	(56,000)
Donor Restrictions	<u>(2,072,781)</u>	<u>(3,001,638)</u>
Financial Assets Available to Meet Cash		
Needs for Expenditures Within One Year	<u>\$ 2,587,395</u>	<u>\$ 2,297,793</u>

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, 2021 and 2020**

NOTE 18 – RELATED PARTY TRANSACTIONS

During the years ended December 31, 2021 and 2020, CBCST made contributions to the Foundation of \$250,000 and \$498,119, respectively. These amounts were recorded as contribution expenses by CBCST and contribution income by the Foundation. The contributions were eliminated in the consolidating statement of activities.

NOTE 19 – SUBSEQUENT EVENTS

The Organization is evaluating current economic conditions due to the ongoing COVID-19 pandemic. The related financial impact cannot be reasonably estimated at this time.

During March 2022, the Organization entered into an agreement with Frost Bank for a line of credit of \$200,000. The interest rate is variable, and the maturity date is March 30, 2024. The line of credit is secured by all of the Organization's accounts receivable.

The Organization has evaluated subsequent events through May 13, 2022, 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, 2021
(with comparative totals for 2020)**

	<u>Center</u>	<u>Foundation</u>	<u>2021 Total</u>	<u>2020 Total</u>
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and Cash Equivalents	\$ 1,781,825	\$ -	\$ 1,781,825	\$ 2,682,674
Accounts Receivable	396,688	-	396,688	195,893
Pledges Receivable, net - current	190,667	-	190,667	1,205,495
Prepaid Expenses	85,158	-	85,158	54,673
TOTAL CURRENT ASSETS	<u>2,454,338</u>	<u>-</u>	<u>2,454,338</u>	<u>4,138,735</u>
<u>LONG-TERM ASSETS</u>				
Investments	2,286,897	835,099	3,121,996	2,046,369
Property and Equipment, net	4,674,541	-	4,674,541	3,733,276
Pledges Receivable, net - long-term	46,694	-	46,694	50,094
TOTAL LONG-TERM ASSETS	<u>7,008,132</u>	<u>835,099</u>	<u>7,843,231</u>	<u>5,829,739</u>
TOTAL ASSETS	<u>\$ 9,462,470</u>	<u>\$ 835,099</u>	<u>\$ 10,297,569</u>	<u>\$ 9,968,474</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Accounts Payable	\$ 45,787	\$ -	\$ 45,787	\$ 443,982
Accrued Expenses	97,084	-	97,084	97,771
Deferred Income	11,000	-	11,000	5,000
TOTAL LIABILITIES	<u>153,871</u>	<u>-</u>	<u>153,871</u>	<u>546,753</u>
<u>NET ASSETS</u>				
Without Donor Restrictions:				
Undesignated	1,730,277	835,099	2,565,376	1,855,807
Board-Designated	5,505,541	-	5,505,541	4,564,276
Total Without Donor Restrictions	<u>7,235,818</u>	<u>835,099</u>	<u>8,070,917</u>	<u>6,420,083</u>
With Donor Restrictions	2,072,781	-	2,072,781	3,001,638
TOTAL NET ASSETS	<u>9,308,599</u>	<u>835,099</u>	<u>10,143,698</u>	<u>9,421,721</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,462,470</u>	<u>\$ 835,099</u>	<u>\$ 10,297,569</u>	<u>\$ 9,968,474</u>

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, 2021
(with comparative totals for 2020)**

	<u>Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>2021 Total</u>	<u>2020 Total</u>
<u>OPERATING SUPPORT AND REVENUE</u>					
Grants and Foundations	\$ 1,097,956	\$ -	\$ -	\$ 1,097,956	\$ 763,085
General Contributions	1,030,663	250,000	(250,000)	1,030,663	1,111,262
Government Grants	600,970	-	-	600,970	559,994
Fundraising Events, net of direct expenses of \$50,184 and \$123,901, respectively	254,266	-	-	254,266	314,179
In-Kind Contributions	175,194	-	-	175,194	218,713
Program Fees	4,754	-	-	4,754	9,340
Other Income	3,502	-	-	3,502	1,085
TOTAL OPERATING SUPPORT AND REVENUE	<u>3,167,305</u>	<u>250,000</u>	<u>(250,000)</u>	<u>3,167,305</u>	<u>2,977,658</u>
<u>OPERATING EXPENSES</u>					
Program Services	2,724,580	-	(250,000)	2,474,580	2,092,724
Supporting Services	524,313	-	-	524,313	633,011
TOTAL OPERATING EXPENSES	<u>3,248,893</u>	<u>-</u>	<u>(250,000)</u>	<u>2,998,893</u>	<u>2,725,735</u>
<u>CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES</u>					
	<u>(81,588)</u>	<u>250,000</u>	<u>-</u>	<u>168,412</u>	<u>251,923</u>
<u>NON-OPERATING ACTIVITIES</u>					
PPP Revenue	299,700	-	-	299,700	299,700
Investment Income, net	225,899	71,505	-	297,404	262,849
Capital Campaign Contributions	5,222	-	-	5,222	1,791,021
In-Kind Contributions - Capital Campaign	2,650	-	-	2,650	56,481
Loss on Disposal of Assets	(25,496)	-	-	(25,496)	(654,440)
Supporting Services - Capital Campaign	(25,915)	-	-	(25,915)	(66,681)
TOTAL NON-OPERATING ACTIVITIES	<u>482,060</u>	<u>71,505</u>	<u>-</u>	<u>553,565</u>	<u>1,688,930</u>
<u>CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITIES</u>					
	400,472	321,505	-	721,977	1,940,853
NET ASSETS, Beginning of Year	<u>8,908,127</u>	<u>513,594</u>	<u>-</u>	<u>9,421,721</u>	<u>7,480,868</u>
NET ASSETS, End of Year	<u>\$ 9,308,599</u>	<u>\$ 835,099</u>	<u>\$ -</u>	<u>\$ 10,143,698</u>	<u>\$ 9,421,721</u>

See independent auditor's report.

Other Reporting Required



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**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, 2021, 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 13, 2022.

Report on 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) as a basis for designing 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.

Report on 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 13, 2022