

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

**FINANCIAL STATEMENTS  
WITH COMPLIANCE REPORTING**

**December 31, 2022 and 2021**

*Randy Walker & Co., Certified Public Accountants*

**THE CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**FINANCIAL STATEMENTS**  
**WITH COMPLIANCE REPORTING**  
**December 31, 2022 and 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of The Children's Bereavement Center of South Texas (CBCST), a non-profit corporation, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of CBCST as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 CBCST and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CBCST's ability to continue as a going concern within one year after the date that the 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CBCST'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CBCST'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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2023 on pages 19-20 on our consideration of CBCST's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 CBCST'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 CBCST'S internal control over financial reporting and compliance.

#### **Report on Summarized Comparative Information**

We have previously audited CBCST's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Randy Walker & Co.*

San Antonio, Texas  
May 16, 2023

## **Financial Statements**

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u> (Restated)
<b><u>ASSETS</u></b>		
<b><u>CURRENT ASSETS</u></b>		
Cash and Cash Equivalents	\$ 5,015,655	\$ 1,781,825
Accounts Receivable	313,051	396,688
Pledges Receivable, net - current	122,000	190,667
Prepaid Expenses	36,734	85,158
<b>TOTAL CURRENT ASSETS</b>	<b>5,487,440</b>	<b>2,454,338</b>
<b><u>LONG-TERM ASSETS</u></b>		
Investments	2,336,214	2,286,897
Property and Equipment, net	4,530,769	4,674,541
Pledges Receivable, net - long-term	29,186	46,694
Finance Lease Right-of-Use Asset, net	100,323	19,015
<b>TOTAL LONG-TERM ASSETS</b>	<b>6,996,492</b>	<b>7,027,147</b>
<b>TOTAL ASSETS</b>	<b>\$ 12,483,932</b>	<b>\$ 9,481,485</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Accounts Payable	\$ 33,573	\$ 45,787
Accrued Expenses	119,066	97,084
Deferred Income	4,500	11,000
Finance Lease Payable - current	18,875	12,049
<b>TOTAL CURRENT LIABILITIES</b>	<b>176,014</b>	<b>165,920</b>
<b><u>LONG-TERM LIABILITIES</u></b>		
Finance Lease Payable - long-term	81,436	8,311
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>81,436</b>	<b>8,311</b>
<b>TOTAL LIABILITIES</b>	<b>257,450</b>	<b>174,231</b>
<b><u>NET ASSETS</u></b>		
Without Donor Restrictions:		
Undesignated	2,140,048	1,728,932
Board-Designated	5,361,769	5,505,541
Total Without Donor Restrictions	7,501,817	7,234,473
With Donor Restrictions	4,724,665	2,072,781
<b>TOTAL NET ASSETS</b>	<b>12,226,482</b>	<b>9,307,254</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 12,483,932</b>	<b>\$ 9,481,485</b>

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

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2022**  
**(with comparative totals for 2021)**

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Restated)
<b><u>OPERATING SUPPORT AND REVENUE</u></b>				
Grants and Contributions - Uvalde	\$ -	\$ 3,322,144	\$ 3,322,144	\$ -
General Contributions	1,195,971	3,500	1,199,471	1,030,663
Grants and Foundations	921,992	225,000	1,146,992	1,097,956
Fundraising Events, net of direct expenses of \$360,133 and \$50,184, respectively	755,464	-	755,464	254,266
Government Grants	-	702,052	702,052	600,970
In-Kind Contributions	249,904	38,313	288,217	175,194
Program Fees	5,626	-	5,626	4,754
Other Income	1,266	-	1,266	3,502
Net Assets Released from Restrictions	1,647,117	(1,647,117)	-	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>4,777,340</b>	<b>2,643,892</b>	<b>7,421,232</b>	<b>3,167,305</b>
<b><u>OPERATING EXPENSES</u></b>				
Program Services	3,398,868	-	3,398,868	2,724,580
Supporting Services	863,157	-	863,157	525,658
<b>TOTAL OPERATING EXPENSES</b>	<b>4,262,025</b>	<b>-</b>	<b>4,262,025</b>	<b>3,250,238</b>
<b>CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES</b>	<b>515,315</b>	<b>2,643,892</b>	<b>3,159,207</b>	<b>(82,933)</b>
<b><u>NON-OPERATING ACTIVITIES</u></b>				
Capital Campaign Contributions	-	7,992	7,992	5,222
PPP Revenue	-	-	-	299,700
In-Kind Contributions - Capital Campaign	-	-	-	2,650
Loss on Disposal of Assets	-	-	-	(25,496)
Supporting Services - Capital Campaign	-	-	-	(25,915)
Investment (Loss) Income, net	(247,971)	-	(247,971)	225,899
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>(247,971)</b>	<b>7,992</b>	<b>(239,979)</b>	<b>482,060</b>
<b>CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITIES</b>	<b>267,344</b>	<b>2,651,884</b>	<b>2,919,228</b>	<b>399,127</b>
<b>NET ASSETS, Beginning of Year (Restated)</b>	<b>7,234,473</b>	<b>2,072,781</b>	<b>9,307,254</b>	<b>8,908,127</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 7,501,817</b>	<b>\$ 4,724,665</b>	<b>\$ 12,226,482</b>	<b>\$ 9,307,254</b>

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

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2022**  
**(with comparative totals for 2021)**

	Program Services				Supporting Services				
	CBC - RGV Initiative	CBC - Uvalde	CBC - San Antonio	Total Program Services	Fundraising	Management and General	Total Supporting Services	2022 Total	2021 Total (Restated)
<b>EXPENSES</b>									
Salaries and Related Expenses	\$ 112,866	\$ 114,935	\$ 1,538,595	\$ 1,766,396	\$ 147,063	\$ 194,242	\$ 341,305	\$ 2,107,701	\$ 1,786,778
Charitable Contributions	367,806	-	-	367,806	-	225,399	225,399	593,205	250,000
Depreciation	268	-	143,351	143,619	26,622	34,546	61,168	204,787	201,189
Professional Fees	26,997	14,734	137,954	179,685	9,440	10,674	20,114	199,799	196,275
Marketing and Public Relations	8,150	4,051	113,218	125,419	2,767	47,273	50,040	175,459	63,817
Contractual Services	15,908	21,525	96,230	133,663	20,237	6,610	26,847	160,510	88,518
IT	6,223	2,086	99,982	108,291	14,644	10,456	25,100	133,391	107,779
Repairs and Maintenance	850	183	59,799	60,832	7,008	16,406	23,414	84,246	59,965
Office Supplies	2,646	29,435	48,060	80,141	746	1,282	2,028	82,169	22,063
Supplies and Food	4,242	4,288	68,579	77,109	-	2,446	2,446	79,555	33,666
Office Rent	15,170	29,159	2,544	46,873	234	5,285	5,519	52,392	127,262
Subgrant Expense	47,787	-	-	47,787	-	-	-	47,787	-
Professional Development	571	1,168	28,655	30,394	2,062	6,712	8,774	39,168	18,731
Printing and Publications	140	9,842	23,106	33,088	3,333	2,665	5,998	39,086	41,451
Insurance - Liability	-	475	27,617	28,092	2,479	7,800	10,279	38,371	42,181
Bank and Credit Card Fees	208	8,944	-	9,152	-	27,691	27,691	36,843	10,830
Recognition	351	4,179	18,131	22,661	1,963	6,453	8,416	31,077	27,045
Utilities	-	-	25,236	25,236	2,009	3,752	5,761	30,997	34,388
Student Stipends	-	-	29,228	29,228	-	-	-	29,228	49,968
Travel	1,477	9,934	15,042	26,453	567	1,211	1,778	28,231	11,052
Telephone	2,098	1,384	11,728	15,210	780	1,431	2,211	17,421	31,160
Amortization	2,352	1,323	9,113	12,788	735	1,175	1,910	14,698	11,409
Uvalde Set-Up Costs	-	12,521	-	12,521	-	-	-	12,521	-
Dues, Fees and Subscriptions	234	574	5,517	6,325	312	4,932	5,244	11,569	20,914
Postage and Shipping	174	1,268	3,212	4,654	-	927	927	5,581	5,164
Equipment	589	331	2,281	3,201	184	294	478	3,679	3,813
Symposiums and Trainings	-	-	1,402	1,402	-	-	-	1,402	3,488
Interest Expense	154	86	595	835	48	77	125	960	1,096
Miscellaneous	-	-	7	7	-	185	185	192	-
Events	-	-	-	-	-	-	-	-	236
<b>TOTAL EXPENSES</b>	<b>\$ 617,261</b>	<b>\$ 272,425</b>	<b>\$ 2,509,182</b>	<b>\$ 3,398,868</b>	<b>\$ 243,233</b>	<b>\$ 619,924</b>	<b>\$ 863,157</b>	<b>\$ 4,262,025</b>	<b>\$ 3,250,238</b>

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

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u> (Restated)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Change in Net Assets	\$ 2,919,228	\$ 399,127
Adjustments to Reconcile Net Change to Net Cash		
Provided by Operations:		
Depreciation	204,787	201,189
Amortization	14,698	11,409
Unrealized Loss (Gain) on Investments	338,175	(126,370)
Loss on Disposal of Assets	-	25,915
Transfer of Assets	3,937	-
Decrease (Increase) in Assets:		
Accounts Receivable	83,637	(200,795)
Pledges Receivable, net	86,175	1,018,228
Prepaid Expenses	48,424	(30,485)
(Decrease) Increase in Liabilities:		
Accounts Payable	(12,214)	(398,195)
Accrued Expenses	21,982	(687)
Deferred Income	(6,500)	6,000
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>3,702,329</u>	<u>905,336</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchase of Investments	(387,492)	(627,752)
Purchase of Property and Equipment	(64,952)	(1,168,369)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(452,444)</u>	<u>(1,796,121)</u>
Payments on Finance Lease Obligation	(16,055)	(10,064)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(16,055)</u>	<u>(10,064)</u>
<b>NET INCREASE (DECREASE) IN CASH FLOWS</b>	3,233,830	(900,849)
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>1,781,825</u>	<u>2,682,674</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u>\$ 5,015,655</u>	<u>\$ 1,781,825</u>
<b><u>SUPPLEMENTAL DISCLOSURES:</u></b>		
Interest Paid	\$ 960	\$ 1,096
Right-of-Use Asset Obtained Through Finance Lease	\$ 103,612	\$ -

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

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES**

*Basis of Accounting*

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

*Organization and Nature of Activities*

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. CBC-RGV became fully independent on April 1, 2022.

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 Children's Bereavement Center of South Texas Foundation (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.

In June 2022, CBCST opened a center in Uvalde, Texas to assist with the response efforts for the school shooting at Robb Elementary. CBCST began making renovations to the center in 2023.

*Basis of Presentation*

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

- Net Assets Without Donor Restrictions – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors (the Board) are reported as net assets without donor restrictions, board-designated.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that are more restrictive than CBCST's mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

*Income Taxes*

CBCST is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, as such, qualifies for the maximum charitable contribution deduction by donors. As of December 31, 2022, the tax years that remain subject to examination by taxing authorities begin with 2019.

**THE CHILDREN’S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

*Cash and Cash Equivalents*

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

*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. CBCST had accounts receivable of \$313,051 and \$396,688 at December 31, 2022 and 2021, respectively.

*Pledges Receivable*

CBCST recognizes promises to give, also known as pledges, in the 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. CBCST 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 and Database	5 years

*Contributions and Grants*

CBCST 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 statement of activities as net assets released from restrictions.

*Revenue - Exchange Transactions*

CBCST 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, 2022, December 31, 2021, or January 1, 2021. Disaggregation of revenue is presented on the face of the statement of activities.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

*Revenue - Exchange Transactions (continued)*

Contract liabilities consist primarily of amounts received in connection with CBCST'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>2022</u>	<u>2021</u>
Beginning of Year	\$ 11,000	\$ 5,000
End of Year	\$ 4,500	\$ 11,000

*Advertising Costs*

Advertising costs are expensed as incurred and are classified as marketing and public relations expense in the statement of functional expenses. Advertising costs for the years ended December 31, 2022 and 2021 were \$175,459 and \$63,817, 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 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, professional fees, and other operating expenses, which are allocated on the basis of square footage or some other reasonable basis.

*Recently Adopted Accounting Pronouncements*

In September 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This pronouncement requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The pronouncement includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new pronouncement, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. CBCST adopted this new pronouncement effective January 1, 2022. The pronouncement did not have a material impact on the financial statements. CBCST has updated disclosures as necessary (see Note 10).

In February 2016, the FASB issued ASU 2016-02, *Leases*. This pronouncement provides new guidance regarding lease accounting for reporting periods beginning after December 15, 2021, whereby a lessee will be required to recognize on the statements of financial position the assets and liabilities for leases with lease terms of more than twelve months. CBCST adopted this new pronouncement as of January 1, 2022, utilizing the full retrospective method of transition.

CBCST adjusted the 2021 financial statements from the amounts previously reported to adopt the new guidance. The following are the line items from the statement of financial position as of December 31, 2021, that were restated, the adjustments, and the restatement amounts:

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

*Recently Adopted Accounting Pronouncements (continued)*

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
<b>Long-Term Assets</b>			
Finance Lease Right-of-Use Asset, net	\$ -	\$ 19,015	\$ 19,015
<b>Current Liabilities</b>			
Finance Lease Payable - current	\$ -	\$ 12,049	\$ 12,049
<b>Long-Term Liabilities</b>			
Finance Lease Payable - long-term	\$ -	\$ 8,311	\$ 8,311
<b>Net Assets</b>			
Undesignated	\$ 1,730,277	\$ (1,345)	\$ 1,728,932

Following are the line items from the statement of activities for the year ended December 31, 2021, that were restated, the adjustments, and the restated amounts:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
<b>Operating Expenses</b>			
Supporting Services	\$ 524,313	\$ 1,345	\$ 525,658

Following are the line items from the statement of functional expenses for the year ended December 31, 2021, that were restated, the adjustments, and the restated amounts:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
<b>Operating Expenses</b>			
Amortization	\$ -	\$ 11,409	\$ 11,409
Equipment	\$ 14,973	\$ (11,160)	\$ 3,813
Interest Expense	\$ -	\$ 1,096	\$ 1,096

Following are the line items from the statement of cash flows for the year ended December 31, 2021, that were restated, the adjustments, and the restated amounts:

	<u>As Previously Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
<b>Cash Flows</b>			
Amortization	\$ -	\$ 11,409	\$ 11,409
Payments on Finance Lease Obligation	\$ -	\$ (10,064)	\$ (10,064)

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

*Use of Estimates*

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

**NOTE 2 – CONCENTRATION OF CREDIT RISK**

CBCST 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, 2022 and 2021, CBCST's uninsured cash and investment balances totaled \$5,702,930 and \$2,520,561, respectively, without consideration of reconciling items.

**NOTE 3 – INVESTMENTS**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Investment (loss) income totaled \$(245,609) and \$227,472 for the years ended December 31, 2022 and 2021, respectively. Investment (loss) income is reported net of fees of \$2,362 and \$1,573 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 4 – 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 5% as of December 31, in the year in which the pledge was made.

Pledges receivable consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Pledges Restricted For:		
Capital Campaign	\$ 153,998	\$ 248,165
Less Unamortized Discount	<u>(2,812)</u>	<u>(10,804)</u>
Net Pledges Receivable	<u>\$ 151,186</u>	<u>\$ 237,361</u>
Amount Due In:		
Less than One Year	\$ 122,000	\$ 190,667
One to Three Years	<u>29,186</u>	<u>46,694</u>
Total	<u>\$ 151,186</u>	<u>\$ 237,361</u>

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Building – 205 and 215 W. Olmos	\$ 5,230,271	\$ 5,230,271
Furniture and Equipment	181,571	224,590
Land	177,748	177,748
Leasehold Improvements – Uvalde	29,952	-
Vehicles	80,996	45,996
Computer Equipment and Software	44,156	44,156
Database	47,250	47,250
Website	35,398	35,398
	<u>5,827,342</u>	<u>5,805,409</u>
Less Accumulated Depreciation	<u>(1,296,573)</u>	<u>(1,130,868)</u>
Total Property and Equipment, net	<u>\$ 4,530,769</u>	<u>\$ 4,674,541</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$204,787 and \$201,189, respectively.

**NOTE 6 – LINES OF CREDIT**

In February 2020, CBCST entered into an agreement with Frost Bank for a line of credit of \$3,500,000. The line's interest rate was the lesser of a rate equal to the Prime Rate or 5.5% per annum. The maturity date was February 12, 2023. The line of credit was secured by all of CBCST'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 2022 or 2021. The line of credit was closed in February 2022.

In March 2022, CBCST entered into an agreement with Frost Bank for a line of credit of \$200,000. The line bears variable interest and matures on March 30, 2024. The line is secured by CBCST's assets. The line of credit had a balance of \$-0- at December 31, 2022. There were no borrowings on this line of credit during 2022.

**NOTE 7 – RIGHT-OF-USE FINANCE LEASE**

CBCST entered into a finance lease agreement in June 2018 for copier and printer machines. The lease is payable in 63 monthly installments of \$1,055 and expires in August 2023. CBCST has adopted ASU 2016-02, *Leases*, as described in Note 1. Therefore, the right-of-use leased equipment is carried at cost of \$59,896 less accumulated depreciation of \$40,881 at December 31, 2021. The balance of the equipment lease payable was \$20,360 at December 31, 2021. Interest expense related to this lease was \$611 and \$1,096 for the years ended December 31, 2022 and 2021, respectively. CBCST ended the lease agreement in November 2022.

CBCST entered into a new finance lease agreement in November 2022 for copier and printer machines. The lease is payable in 63 monthly installments of \$1,825 and expires in January 2028. CBCST has adopted ASU 2016-02, *Leases*, as described in Note 1. Therefore, the right-of-use leased equipment is carried at cost of \$103,612 less accumulated depreciation of \$3,289 at December 31, 2022. The balance of the equipment lease payable was \$100,311 at December 31, 2022. Interest expense related to this lease was \$349 for the year ended December 31, 2022.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 – RIGHT-OF-USE FINANCE LEASE (continued)**

The related future minimum lease payments under this right-of-use finance lease are as follows:

Year Ending December 31,	
2023	\$ 21,900
2024	21,900
2025	21,900
2026	21,900
2027	21,900
2028	1,825
Less: Interest (4.11%)	(11,014)
Total	<u>\$ 100,311</u>

**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>2022</u>	<u>2021</u>
Future Operations	\$ 775,000	\$ 775,000
Short-Term Reserve Fund	56,000	56,000
Investment in Fixed Assets	<u>4,530,769</u>	<u>4,674,541</u>
Total	<u>\$ 5,361,769</u>	<u>\$ 5,505,541</u>

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

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

	<u>2022</u>	<u>2021</u>
Uvalde Support – General	\$ 2,570,552	\$ -
Facility Maintenance	949,272	941,280
Future Operations	513,425	770,138
Uvalde Support – Renovations	496,746	-
School-Based Groups	129,170	-
Sibling Group	62,500	62,500
Sunshine Fund	3,000	-
CBC-RGV Initiative	-	206,263
Hidalgo County Counselor	-	67,000
Grief Support	-	25,600
Total	<u>\$ 4,724,665</u>	<u>\$ 2,072,781</u>

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
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**NOTE 10 – IN-KIND CONTRIBUTIONS**

CBCST receives various forms of in-kind donations, including goods and services from the community. In-kind donations are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. The value for donated services is based on conservative hourly rates determined by management from current market rates in relation to the type of service received. Contributed goods are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor.

	<u>2022</u>	<u>2021</u>
In-Kind Goods:		
Auction Items	\$ 74,960	\$ -
Food	31,750	-
Supplies	21,284	-
Books and Toys	2,750	-
Furniture	1,779	-
Gift Cards	600	-
	<u>133,123</u>	<u>-</u>
In-Kind Services:		
Advertising	101,815	37,750
Counseling	92,526	111,991
Architecture	12,500	-
Accounting	8,525	-
Video	6,453	-
Rent	4,845	10,370
Legal	3,390	15,083
	<u>230,054</u>	<u>175,190</u>
Total In-Kind Goods and Services	<u>\$ 363,177</u>	<u>\$ 175,194</u>

In-kind contributions are reflected in the statement of activities and did not have donor restrictions for the years ended December 31, 2022 and 2021. Donated auction items of \$74,960 related to fundraising activities are included in fundraising events revenue - net of direct expenses in the statement of activities and did not have donor restrictions for the year ended December 31, 2022. Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to CBCST. The value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

**NOTE 11 – FUNDRAISING EVENTS**

CBCST holds fundraising events each year. As discussed in Note 1, fundraising events are considered exchange transactions. For the years ended December 31, 2022 and 2021, the exchange portion of the fundraising events income was \$119,360 and \$25,315, respectively. The amount in excess of this exchange portion is considered contribution income.

**NOTE 12 – PAYCHECK PROTECTION PROGRAM**

During the year ended December 31, 2021, CBCST 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. CBCST applied and was approved for forgiveness of the PPP loan in August 2021. Therefore, the loan was recognized as revenue in the statement of activities for the year ended December 31, 2021.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 13 – PROGRAM SERVICES**

CBCST's purpose is to help children and families who have experienced the death of someone significant in their lives. In addition to on-going support groups and counseling, CBCST provides training, crisis intervention, and consultation services to individuals, schools, churches, and various types of community agencies. The following tables reflect statistics of services provided to the public at large during the years ended December 31, 2022 and 2021.

Services provided for the year ended December 31, 2022:

	Unduplicated Participants	Program Service Visits
<b>Peer Support program</b>		
Children and youth served	513	2,653
Adult caregivers served	422	2,022
Total peer support program	935	4,675
<b>Individual and family counseling program</b>		
Children and youth served	467	3,048
Adult caregivers served	154	1,026
Total served under counseling program	621	4,074
<b>Intakes and assessments</b>		
Children and youth served	1,282	1,425
Adult caregivers served	826	1,081
Telephone Calls/Consults	2,216	2,216
Total family assessments	4,324	4,722
<b>Camps</b>		
Pre/Post camp assessment	28	28
Camp participants	156	634
Total camps	184	662
<b>School-based program</b>		
Children and youth served	310	2,373
Adult caregivers served	31	69
Total school-based program	341	2,442
<b>Family workshops and activities *</b>	* 265	* 265
<b>Total bereavement program services</b>	* 6,329	* 16,840
<b>Community outreach services</b>		
Training, education and outreach	931	931
<b>Total for all programs and services</b>	* 7,260	* 17,771

\* Total omits duplicate participants

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

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

Services provided for the year ended December 31, 2021:

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

\* Total omits duplicate participants

**NOTE 14 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

CBCST adopted the provisions of ASC 820, “*Fair Value Measurements and Disclosures*” (formerly SFAS 157). ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The adoption of ASC 820 did not affect CBCST’s financial position or results of operations.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 14 – 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.

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

The fair values of investments are based on quoted market prices for those or similar investments. The following table represents assets measured at fair value on a recurring basis as reported in the statement of financial position at December 31, 2022 by level within the fair value measurement hierarchy:

	<b>Total Fair Value Measurement</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial Assets:				
Cash	\$ 87,111	\$ 87,111	\$ -	\$ -
Equities	1,539,631	1,539,631	-	-
Fixed Income	709,472	709,472	-	-
<b>Total</b>	<b>\$ 2,336,214</b>	<b>\$ 2,336,214</b>	<b>\$ -</b>	<b>\$ -</b>

The following table represents assets measured at fair value on a recurring basis as reported in the statement of financial position at December 31, 2021 by level within the fair value measurement hierarchy:

	<b>Total Fair Value Measurement</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial Assets:				
Cash	\$ 525,197	\$ 525,197	\$ -	\$ -
Equities	1,252,915	1,252,915	-	-
Fixed Income	508,785	508,785	-	-
<b>Total</b>	<b>\$ 2,286,897</b>	<b>\$ 2,286,897</b>	<b>\$ -</b>	<b>\$ -</b>

**NOTE 15 – RETIREMENT PLAN**

CBCST has a retirement plan, which is available to all employees. Employee contributions are matched by CBCST up to 3% of the employee's annual compensation. Employer contributions to the plan were \$30,556 and \$21,377 for the years ended December 31, 2022 and 2021, respectively.

**THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 16 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

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

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 5,015,655	\$ 1,781,825
Investments	2,336,214	2,286,897
Accounts Receivable	313,051	396,688
Pledge Receivables, net - current	<u>122,000</u>	<u>190,667</u>
Total Financial Assets	7,786,920	4,656,077
Board Designations:		
Future Operations	(775,000)	(775,000)
Short-Term Reserve Fund	(56,000)	(56,000)
Donor Restrictions	<u>(4,724,665)</u>	<u>(2,072,781)</u>
Financial Assets Available to Meet Cash		
Needs for Expenditures Within One Year	<u>\$ 2,231,255</u>	<u>\$ 1,752,296</u>

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

**NOTE 17 – RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2022 and 2021, CBCST made contributions to the Foundation of \$225,000 and \$250,000, respectively. These amounts were recorded as charitable contributions by CBCST.

During the years ended December 31, 2022 and 2021, CBCST made contributions to CBC-RGV of \$368,205 and \$-0-, respectively. CBC-RGV became independent on April 1, 2022, and part of the contributions was the transfer of assets and funds to assist with the transition. These amounts were recorded as charitable contributions by CBCST.

**NOTE 18 – SUBSEQUENT EVENTS**

CBCST has evaluated subsequent events through May 16, 2023, which is the date the financial statements were available to be issued.

## **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  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Children's Bereavement Center of South Texas (CBCST), non-profit corporation, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 16, 2023.

**Report on Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CBCST's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 CBCST's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CBCST's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Randy Walker & Co.*

San Antonio, Texas  
May 16, 2023