THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS

FINANCIAL STATEMENTS WITH COMPLIANCE REPORTING

December 31, 2023 and 2022

Randy Walker & Co., Certified Public Accountants

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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, 2023, 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, 2023, 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 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 March 19, 2024 on pages 18-19 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Randy Walker & Co.

San Antonio, Texas
March 19, 2024

Financial Statements

THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	**$ 4,882,085**	$ 5,015,655
Accounts Receivable	**377,624**	313,051
Pledges Receivable, net - current	**24,500**	122,000
Prepaid Expenses	**48,506**	36,734
TOTAL CURRENT ASSETS	**5,332,715**	5,487,440
LONG-TERM ASSETS		
Investments	**2,570,672**	2,336,214
Property and Equipment, net	**4,670,575**	4,530,769
Pledges Receivable, net - long-term	**15,639**	29,186
Finance Lease Right-of-Use Assets, net	**80,587**	100,323
TOTAL LONG-TERM ASSETS	**7,337,473**	6,996,492
TOTAL ASSETS	**$ 12,670,188**	$ 12,483,932
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	**$ 54,015**	$ 33,573
Accrued Expenses	**139,098**	119,066
Deferred Income	**55,009**	4,500
Finance Lease Payable - current	**18,875**	18,875
TOTAL CURRENT LIABILITIES	**266,997**	176,014
LONG-TERM LIABILITIES		
Finance Lease Payable - long-term	**63,320**	81,436
TOTAL LONG-TERM LIABILITIES	**63,320**	81,436
TOTAL LIABILITIES	**330,317**	257,450
NET ASSETS		
Without Donor Restrictions:		
Undesignated	**2,514,565**	2,140,048
Board-Designated	**5,501,575**	5,361,769
Total Without Donor Restrictions	**8,016,140**	7,501,817
With Donor Restrictions	**4,323,731**	4,724,665
TOTAL NET ASSETS	**12,339,871**	12,226,482
TOTAL LIABILITIES AND NET ASSETS	**$ 12,670,188**	$ 12,483,932

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, 2023
(summarized for 2022)

	2023			2022
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Total
OPERATING SUPPORT AND REVENUE				
Grants and Foundations	$ 858,098	$ 312,219	**$ 1,170,317**	$ 1,146,992
Government Grants	-	985,747	**985,747**	702,052
General Contributions	880,051	14,035	**894,086**	1,199,471
Fundraising Events, net of direct expenses of $216,054 and $360,133, respectively	459,138	-	**459,138**	755,464
Grants and Contributions - Uvalde	-	418,582	**418,582**	3,322,144
In-Kind Contributions	278,039	-	**278,039**	288,217
Program Fees	-	-	**-**	5,626
Other Income	-	-	**-**	1,266
Net Assets Released from Restrictions	2,132,470	(2,132,470)	**-**	-
TOTAL OPERATING SUPPORT AND REVENUE	4,607,796	(401,887)	**4,205,909**	7,421,232
OPERATING EXPENSES				
Program Services	4,068,330	-	**4,068,330**	3,624,267
Supporting Services	917,242	-	**917,242**	637,758
TOTAL OPERATING EXPENSES	4,985,572	-	**4,985,572**	4,262,025
CHANGE IN NET ASSETS BEFORE NON-OPERATING ACTIVITIES	(377,776)	(401,887)	**(779,663)**	3,159,207
NON-OPERATING ACTIVITIES				
In-Kind Contributions - Uvalde Center Construction	568,099	-	**568,099**	-
Investment Income (Loss), net	324,000	-	**324,000**	(247,971)
Capital Campaign Contributions	-	953	**953**	7,992
TOTAL NON-OPERATING ACTIVITIES	892,099	953	**893,052**	(239,979)
CHANGE IN NET ASSETS AFTER NON-OPERATING ACTIVITIES	514,323	(400,934)	**113,389**	2,919,228
NET ASSETS, Beginning of Year	7,501,817	4,724,665	**12,226,482**	9,307,254
NET ASSETS, End of Year	$ 8,016,140	$ 4,323,731	**$ 12,339,871**	$ 12,226,482

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, 2023

(summarized for 2022)

	Program Services				**Supporting Services**				
	CBC - RGV Initiative	**CBC - Uvalde**	**CBC - San Antonio**	**Total Program Services**	**Fundraising**	**Management and General**	**Total Supporting Services**	**2023 Total**	2022 Total
EXPENSES									
Salaries and Related Expenses	$ -	$ 287,463	$ 1,846,922	$ 2,134,385	$ 168,078	$ 144,998	$ 313,076	**$ 2,447,461**	$ 2,107,701
Professional Fees	-	566,413	208,456	774,869	4,043	21,313	25,356	**800,225**	199,799
Charitable Contributions	-	12,300	1,279	13,579	-	344,625	344,625	**358,204**	593,205
Depreciation	39,476	-	172,600	212,076	32,054	2,442	34,496	**246,572**	204,787
Contractual Services	-	88,115	119,167	207,282	29,819	4,552	34,371	**241,653**	160,510
IT	-	11,470	70,687	82,157	11,897	12,909	24,806	**106,963**	133,391
Marketing and Public Relations	-	1,176	74,605	75,781	22,573	1,197	23,770	**99,551**	175,459
Office Supplies	-	28,716	50,684	79,400	8,863	2,452	11,315	**90,715**	82,169
Supplies and Food	-	21,901	55,546	77,447	192	614	806	**78,253**	79,555
Repairs and Maintenance	-	3,765	57,988	61,753	6,245	8,484	14,729	**76,482**	84,246
Professional Development	-	6,585	51,720	58,305	2,595	3,739	6,334	**64,639**	39,168
Office Rent	-	28,931	21,336	50,267	702	3,011	3,713	**53,980**	52,392
Insurance - Liability	-	2,696	33,678	36,374	3,390	5,218	8,608	**44,982**	38,371
Travel	-	25,538	14,028	39,566	359	1,291	1,650	**41,216**	28,231
Uvalde Set-Up Costs	-	32,697	-	32,697	-	-	-	**32,697**	12,521
Recognition	-	8,340	14,183	22,523	740	9,384	10,124	**32,647**	31,077
Subgrant Expense	32,339	-	-	32,339	-	-	-	**32,339**	47,787
Printing and Publications	-	1,619	1,619	3,238	1,619	24,870	26,489	**29,727**	39,086
Utilities	-	-	18,211	18,211	2,256	2,551	4,807	**23,018**	30,997
Amortization	2,862	1,776	12,236	16,874	987	1,875	2,862	**19,736**	14,698
Telephone	-	3,408	12,233	15,641	1,134	1,449	2,583	**18,224**	17,421
Dues, Fees and Subscriptions	-	954	6,208	7,162	8,125	2,603	10,728	**17,890**	11,569
Bank and Credit Card Fees	-	140	-	140	-	9,093	9,093	**9,233**	36,843
Events	-	8,018	-	8,018	-	50	50	**8,068**	-
Postage and Shipping	-	89	3,479	3,568	201	1,534	1,735	**5,303**	5,581
Interest Expense	116	352	2,426	2,894	196	823	1,019	**3,913**	960
Symposiums and Trainings	-	195	960	1,155	-	-	-	**1,155**	1,402
Equipment	116	65	448	629	36	57	93	**722**	3,679
Miscellaneous	-	-	-	-	-	4	4	**4**	192
Student Stipends	-	-	-	-	-	-	-	**-**	29,228
TOTAL EXPENSES	$ 74,909	$ 1,142,722	$ 2,850,699	$ 4,068,330	$ 306,104	$ 611,138	$ 917,242	**$ 4,985,572**	$ 4,262,025

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, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	**$ 113,389**	$ 2,919,228
Adjustments to Reconcile Net Change to Net Cash		
Provided by Operations:		
Depreciation	**246,572**	204,787
Amortization	**19,736**	14,698
Unrealized (Gain) Loss on Investments	**(226,442)**	338,175
Transfer of Assets	**-**	3,937
(Increase) Decrease in Assets:		
Accounts Receivable	**(64,573)**	83,637
Pledges Receivable, net	**111,047**	86,175
Prepaid Expenses	**(11,772)**	48,424
Increase (Decrease) in Liabilities:		
Accounts Payable	**20,442**	(12,214)
Accrued Expenses	**20,032**	21,982
Deferred Income	**50,509**	(6,500)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**278,940**	3,702,329
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	**(8,016)**	(387,492)
Purchase of Property and Equipment	**(386,378)**	(64,952)
NET CASH USED BY INVESTING ACTIVITIES	**(394,394)**	(452,444)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Finance Lease Obligation	**(18,116)**	(16,055)
NET CASH USED BY FINANCING ACTIVITIES	**(18,116)**	(16,055)
NET (DECREASE) INCREASE IN CASH FLOWS	**(133,570)**	3,233,830
CASH AND CASH EQUIVALENTS, Beginning of Year	**5,015,655**	1,781,825
CASH AND CASH EQUIVALENTS, End of Year	**$ 4,882,085**	$ 5,015,655
SUPPLEMENTAL DISCLOSURES:		
Interest Paid	**$ 3,913**	$ 960
Right-of-Use Asset Obtained Through Finance Lease	**$ -**	$ 103,612

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

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 completed the 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, 2023, the tax years that remain subject to examination by taxing authorities begin with 2020.

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 $377,624 and $313,051 at December 31, 2023 and 2022, 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, 2023, December 31, 2022, or January 1, 2022. Disaggregation of revenue is presented on the face of the statement of activities.

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:

	2023	2022
Beginning of Year	**$ 4,500**	$ 11,000
End of Year	**$ 13,342**	$ 4,500

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, 2023 and 2022 were $99,551 and $175,459, 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.

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 pronouncement as of January 1, 2022.

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 1 – SUMMARY OF ACCOUNTING POLICIES (continued)

Leases

CBCST may have lease agreements that contain both lease and non-lease components as defined by ASC 842. CBCST has elected the practical expedient, by class of underlying asset, to account for the lease and non-lease components as a single lease component. The underlying asset includes copier and printer machines recognized as right-of-use assets in the statements of financial position.

As CBCST's leases do not provide an implicit rate, a risk-free rate is used based on the information available at commencement date in determining the present value of lease payments. The risk-free rate is the rate of a zero-coupon U.S. Treasury instrument for the same period of time as the lease term.

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, 2023 and 2022, CBCST's uninsured cash and investment balances totaled $3,915,696 and $5,702,930, 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 income (loss) totaled $324,000 and $(245,609) for the years ended December 31, 2023 and 2022, respectively. Investment income (loss) is reported net of fees of $2,185 and $2,362 for the years ended December 31, 2023 and 2022, 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:

	2023	2022
Pledges Restricted For:		
Capital Campaign	**$ 41,998**	$ 153,998
Less Unamortized Discount	**(1,859)**	(2,812)
Net Pledges Receivable	**$ 40,139**	$ 151,186
Amount Due In:		
Less than One Year	**$ 24,500**	$ 122,000
One to Three Years	**15,639**	29,186
Total	**$ 40,139**	$ 151,186

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2023	2022
Building – 205 and 215 W. Olmos	**$ 5,230,271**	$ 5,230,271
Furniture and Equipment	**260,885**	181,571
Land	**177,748**	177,748
Leasehold Improvements – Uvalde	**337,016**	29,952
Vehicles	**80,996**	80,996
Computer Equipment and Software	**44,156**	44,156
Database	**47,250**	47,250
Website	**35,398**	35,398
	6,213,720	5,827,342
Less Accumulated Depreciation	**(1,543,145)**	(1,296,573)
Total Property and Equipment, net	**$ 4,670,575**	$ 4,530,769

Depreciation expense for the years ended December 31, 2023 and 2022 was $246,572 and $204,787, 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). 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. There were no borrowings on this line of credit during 2023 or 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 was payable in 63 monthly installments of $1,055. Interest expense related to this lease was $-0- and $611 for the years ended December 31, 2023 and 2022, 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 $23,025 and $3,289 at December 31, 2023 and 2022, respectively. The balance of the equipment lease payable was $82,195 and $100,311 at December 31, 2023 and 2022, respectively. Interest expense related to this lease was $3,913 and $349 for the years ended December 31, 2023 and 2022, respectively.

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,		
2024	$	21,900
2025		21,900
2026		21,900
2027		21,900
2028		1,825
		89,425
Less: Interest (4.11%)		(7,230)
Total	$	82,195

NOTE 8 – BOARD-DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

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

	2023	2022
Future Operations	**$ 775,000**	$ 775,000
Short-Term Reserve Fund	**56,000**	56,000
Investment in Fixed Assets	**4,670,575**	4,530,769
Total	**$ 5,501,575**	$ 5,361,769

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Uvalde Support – General	**$ 2,491,450**	$ 2,570,552
Facility Maintenance	**950,225**	949,272
Future Operations	**513,425**	513,425
Uvalde Support – Renovations	**133,381**	496,746
School-Based Groups	**94,000**	129,170
Sibling Group	**62,500**	62,500
Community Expansion	**37,499**	-
Self-Care and Organization Wellness Practice/Policy	**16,900**	-
Risk Assessment and Gap Analysis	**15,000**	-
Sunshine Fund	**9,351**	3,000
Total	**$ 4,323,731**	$ 4,724,665

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.

In-kind contributions were as follows for the years ended December 31:

	2023	2022
In-Kind Goods:		
Auction Items	**$ 72,273**	$ 74,960
Food	**31,193**	31,750
Supplies	**8,349**	21,284
Books and Toys	**12,286**	2,750
Furniture and Art	**10,300**	1,779
Gift Cards/Discounts	**660**	600
	135,061	133,123
In-Kind Services:		
Uvalde Center Construction and Project Management	**568,099**	-
Counseling	**156,901**	92,526
Advertising	**40,606**	101,815
Rent	**15,638**	4,845
Other	**2,000**	-
Legal	**105**	3,390
Architecture	**-**	12,500
Accounting	**-**	8,525
Video	**-**	6,453
	783,349	230,054
Total In-Kind Goods and Services	**$ 918,410**	$ 363,177

In-kind contributions are reflected in the statement of activities and did not have donor restrictions for the years ended December 31, 2023 and 2022. Donated auction items of $72,273 and $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 years ended December 31, 2023 and 2022, respectively. 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, 2023 and 2022, the exchange portion of the fundraising events income was $122,773 and $119,360, respectively. The amount in excess of this exchange portion is considered contribution income.

NOTE 12 – PROGRAM SERVICES

CBCST's purpose is to help children and families who have experienced the death of someone significant in their lives. In addition to on-going support groups and counseling, CBCST provides training, crisis intervention, and consultation services to individuals, schools, churches, and various types of community agencies. The following tables reflect statistics of services provided to the public at large during the years ended December 31, 2023 and 2022.

Services provided for the year ended December 31, 2023:

	Unduplicated Participants	Program Service Visits
Peer Support program		
Children and youth served	423	2,211
Adult caregivers served	319	1,591
Total peer support program	742	3,802
Individual and family counseling program		
Children and youth served	389	3,520
Adult caregivers served	147	1,096
Total served under counseling program	536	4,616
Intakes and assessments		
Children and youth served	1,015	1,564
Adult caregivers served	773	1,205
Telephone Calls/Consults	2,588	387
Total family assessments	4,376	3,156
Camps		
Camp participants	110	457
Total camps	110	457
School-based program		
Children and youth served	271	2,265
Adult caregivers served	34	11
Total school-based program	305	2,276
Family workshops and activities *	* 9,657	* 121
Total bereavement program services	* 15,421	* 14,428
Community outreach services		
Training, education and outreach	750	40
Total for all programs and services	* 16,171	* 14,468

* Total omits duplicate participants

NOTE 12 – PROGRAM SERVICES (continued)

Services provided for the year ended December 31, 2022:

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

* Total omits duplicate participants

NOTE 13 – 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.

NOTE 13 – 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, 2023 by level within the fair value measurement hierarchy:

	Total Fair Value Measurement	Level 1	Level 2	Level 3
Financial Assets:				
Cash	**$ 282**	**$ 282**	**$ -**	**$ -**
Equities	**1,809,439**	**1,809,439**	**-**	**-**
Fixed Income	**760,951**	**760,951**	**-**	**-**
Total	**$ 2,570,672**	**$ 2,570,672**	**$ -**	**$ -**

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:

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

NOTE 14 – 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 $30,483 and $30,556 for the years ended December 31, 2023 and 2022, respectively.

THE CHILDREN'S BEREAVEMENT CENTER OF SOUTH TEXAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 15 – 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.

	2023	2022
Cash and Cash Equivalents	**$ 4,882,085**	$ 5,015,655
Investments	**2,570,672**	2,336,214
Accounts Receivable	**377,624**	313,051
Pledge Receivables, net - current	**24,500**	122,000
Total Financial Assets	**7,854,881**	7,786,920
Board Designations:		
Future Operations	**(775,000)**	(775,000)
Short-Term Reserve Fund	**(56,000)**	(56,000)
Donor Restrictions	**(4,323,731)**	(4,724,665)
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	**$ 2,700,150**	$ 2,231,255

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 16 – RELATED PARTY TRANSACTIONS

During the years ended December 31, 2023 and 2022, CBCST made contributions to the Foundation of $273,226 and $225,000, respectively. These amounts were recorded as charitable contributions by CBCST.

During the years ended December 31, 2023 and 2022, CBCST made contributions to CBC-RGV of $62,750 and $368,205, respectively. CBCST sub-granted $32,339 and $47,787 to CBC-RGV during the years ended December 31, 2023 and 2022, 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 during the year ended December 31, 2022.

NOTE 17 – SUBSEQUENT EVENTS

CBCST has evaluated subsequent events through March 19, 2024, which is the date the financial statements were available to be issued.

Other Reporting Required

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Certified Public Accountants

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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), a non-profit corporation, which comprise the statement of financial position as of December 31, 2023, 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 March 19, 2024.

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
March 19, 2024