**Burnet County Child Welfare Board, Inc.**
**Financial Statements and**
**Accountants' Review Report**
**December 31, 2018**


***Taber & Burnett, P.C.***
A Professional Corporation
Certified Public Accountants

Page

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# INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Burnet County Child Welfare Board, Inc.

We have reviewed the accompanying Statement of Financial Position of the Burnet County Child Welfare Board, Inc. (a non-profit corporation), as of December 31, 2018, and the related Statements of Activities, Cash Flows, and Functional Expenses for the year then ended. A review includes primarily applying analytical procedures to the Organization's financial data and making inquiries of management. A review is less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

## Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatements whether due to fraud or error.

## Accountants' Responsibility

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

**Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Taber & Burnett, PC

Burnet, Texas
September 23, 2019

**Burnet County Child Welfare Board, Inc.**

*Statement of Financial Position* — *As of December 31, 2018*

## Assets

| | | |
|---|---|---|
| Current Assets | | |
| Cash and cash equivalents (Note 2) | $ | 67,715 |
| Investments, at market value (Note 3) | | 18,583 |
| Total Current Assets | | 86,298 |
| Total Assets | $ | 86,298 |

## Liabilities and Net Assets

| | | |
|---|---|---|
| Total Liabilities | $ | - |
| Net Assets (Note 4) | | |
| Net assets without donor restrictions | | 86,298 |
| Net assets with donor restrictions | | - |
| Total Net Assets | | 86,298 |
| Total Liabilities and Net Assets | $ | 86,298 |

See accompanying notes and independent accountants' review report.

## Burnet County Child Welfare Board, Inc.

*Statement of Activities* — *For the Year Ended December 31, 2018*

| | Without Donor Restrictions | With Donor Restrictions | 2018 Total |
|---|---|---|---|
| Revenues, Gains, and Other Support: | | | |
| Donation | $ 27,979 | $ - | $ 27,979 |
| Grants | 7,477 | - | 7,477 |
| Investment income | 438 | - | 438 |
| Unrealized gain (loss) on investments (Note 3) | (1,923) | - | (1,923) |
| Total Revenues, Gains, and Other Support | 33,971 | - | 33,971 |
| Cost of Special Activities and Programs: | | | |
| Children expenses | 24,595 | - | 24,595 |
| Scholarships | 600 | - | 600 |
| Volunteer expenses | 981 | - | 981 |
| Total Cost of Special Activities and Programs | 26,176 | - | 26,176 |
| Revenues Net of Cost of Special Activities and Programs | 7,795 | - | 7,795 |
| Supporting Services: | | | |
| Office expense | 1,154 | - | 1,154 |
| Storage rent | 550 | - | 550 |
| Total Supporting Services | 1,704 | - | 1,704 |
| Changes in Net Assets | 6,091 | - | 6,091 |
| Net Assets at Beginning of Year | 80,207 | - | 80,207 |
| Net Assets at End of Year | $ 86,298 | $ - | $ 86,298 |

See accompanying notes and independent accountants' review report.

**Burnet County Child Welfare Board, Inc.**

*Statement of Cash Flows* *For the Year Ended December 31, 2018*

| | | |
|---|---|---|
| Cash Flows from Operating Activities: | | |
| Cash received from grantors and donors | $ | 35,456 |
| Cash paid to suppliers | | (27,880) |
| Investment income | | 438 |
| Net Cash Provided by (Used in) Operating Activities: | | 8,014 |
| Cash Flows from Investing Activities: | | |
| Purchase of investments | | (20,506) |
| Net Cash Provided by (Used in) Investing Activities | | (20,506) |
| Net Increase (Decrease) in Cash and Cash Equivalents | | (12,492) |
| Cash and Cash Equivalents at Beginning of Year | | 80,207 |
| Cash and Cash Equivalents at End of Year | $ | 67,715 |
| Supplemental Cash Flow Disclosures: | | |
| Cash paid during the year for: | | |
| Interest | $ | - |
| Income taxes | $ | - |

See accompanying notes and independent accountants' review report.

| | Program Expenses | Management and General | Fundraising | 2018 Expenses |
|---|---|---|---|---|
| Children expenses | $ 24,595 | $ - | $ - | $ 24,595 |
| Office expense | - | 1,154 | - | 1,154 |
| Scholarships | 600 | - | - | 600 |
| Storage rent | - | 550 | - | 550 |
| Volunteer expense | 981 | - | - | 981 |
| Total Expenses, year ended December 31, 2018 | $ 26,176 | $ 1,704 | $ - | $ 27,880 |

See accompanying notes and independent accountants' review report.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Burnet County Child Welfare Board, Inc. (a non-profit organization) (the Organization) conform to U.S. generally accepted accounting principles and to general practices within the non-profit industry. The following is a summary of more significant policies.

### Nature of Operation

The Burnet County Child Welfare Board, Inc. was created to determine the needs and to aid in the implementation of a program for the protection, care, health, and well-being of all children with the focus being given to the abused and neglected children of Burnet County.

### Basis of Presentation

Resources are classified for accounting and reporting purposes into two classes of net assets, according to externally imposed restrictions.

Net assets without donor restrictions: This is the portion of net assets of the Organization that can be used subject only to the board limits resulting from the nature of the Organization, the environment it operates in, or the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the course of its business. The Organization has the greatest ability to choose when using these resources.

Net assets without donor restrictions generally result from grants, contracts, and contributions that are not subject to donor-imposed restrictions, and income from investing excess operating cash, reduced by expenses incurred in providing services, raising contributions, and performing administrative functions.

Net assets with donor restrictions: This is the portion of net assets of the Organization that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization's choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donor's instructions.

Net assets with donor restrictions generally result from donor-restricted contributions.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Tax Status

Under provisions of the Internal Revenue Code, Section 501(c)(3), the Organization is exempt from taxes on income other than unrelated business income. The Organization has no unrelated business income for the years ended December 31, 2018. Therefore no provision for federal income taxes has been made. The Organization's open audit periods are for the periods ended December 31, 2016 to December 31, 2018.

FASB ASC 740, Income Taxes, requires extensive disclosures about uncertain tax positions. The requirements of this standard are applicable to non-profit organizations. The Organization evaluates any uncertain tax positions using the provisions of FASB ASC 450, Contingencies. Accordingly, a loss contingency is recognized when it is probably that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management's judgment with respect to the likely outcome of each uncertain tax position.

The Organization does not believe that it has engaged in any situations that would result in an uncertain tax position. As a result, management does not believe that any uncertain tax positions currently exist and therefore, no loss contingency has been recognized in the accompanying financial statements.

### Contributions

Contributions are recognized when the donor gives funds to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires because the contributed resources are spent in accordance with the donor's instructions or because of passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions.

### Donated Materials

Donated materials received by the Organization from the public are recognized at fair value as contributions at the time of receipt. Accordingly, such materials are reflected in the accompanying statement of financial position if they are still on hand and in the statement of activities if they have been sold or distributed. Costs related to bringing donated materials to a salable condition are included in the expenses as incurred, and the proceeds from the sale of such materials are recognized as revenue when received or receivable.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Donated Services

The Organization receives many services from volunteers which are not recorded in these financial statements. If the Organization receives volunteer services which create or enhance a nonfinancial asset; or require specialized skill, that are performed by people with those skills, and would otherwise be purchased, then those services are recorded in the financial statements. No contributed services were recognized in the years ended December 31, 2018.

### Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred if measurable.

### Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Costs are allocated between management and general or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

### Use of Estimates

The preparation of financial statements in conformity with U.S. 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 SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Fair Value Measurements

The Organization follows guidance issued by the Financial Accounting Standards Board on fair value measurements, which establishes a framework for measuring fair value, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. This guidance applies whenever fair value is the applicable measurement. This guidance establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair values into Levels 1, 2, and 3.

Level 1 inputs consist of unadjusted quoted prices in active markets for identical instruments and have the highest priority. Level 2 inputs include quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or inputs other than quoted prices that are directly or indirectly observable. Level 3 inputs are unobservable and are given the lowest priority.

### Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents. The carrying amount for cash and cash equivalents approximates fair value.

### Investments

The Organization records investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the statement of financial position. The unrealized gain or loss on investments is reflected in the statement of activities.

### New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Top 958): Presentation of Financial Statements of Not-for-Profit Entities.* The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspects of the Organization's financial statements:

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called *net assets with donor restrictions.*
- The unrestricted net asset class has been renamed *net assets without donor restrictions.*
- The reconciliation of change in net assets to net cash provided by (or used by) operating activities in the statement of cash flows has been deleted because it is no longer required.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 5).

The changes have the following effect on net assets at December 31, 2017:

| Net Asset Class | As Originally Presented | After Adoption of ASU 2016-14 |
|---|---|---|
| Unrestricted net assets | $ 80,207 | $ - |
| Temporarily restricted net assets | - | - |
| Permanently restricted net assets | - | - |
| Net assets without donor restrictions | - | 80,207 |
| Net assets with donor restrictions | - | - |
| | $ 80,207 | $ 80,207 |

## NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of various bank accounts and money market accounts that are available for use in current operations. Cash and cash equivalents totaled $67,715 at December 31, 2018.

## NOTE 3 - INVESTMENTS

Investments are stated at fair value and consist primarily of equity securities. The estimated fair value amount has been determined using market valuation provided by the Organization's brokers which is a Level 1 input. For investments that are purchased, the purchase price is recorded as the Organization's cost. For investments that are donated, the fair market value at the date of donation is recorded as the Organization's cost.

## NOTE 3 - INVESTMENTS (Continued)

Summary information about the investments at December 31, 2018, is as follows:

| | Cost | Fair Value (Level 1) | Unrealized Appreciation (Depreciation) |
|---|---|---|---|
| Investments | $ 20,506 | $ 18,583 | $ (1,923) |
| Total Investments | $ 20,506 | $ 18,583 | $ (1,923) |

Unrealized loss in the year ended December 31, 2018 was $1,923.

## NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

There are no net assets with donor restrictions as of December 31, 2018.

## NOTE 5 - LIQUIDITY AND RESERVES

The Organization has a policy to manage its liquidity and reserves in order to operate with financial stability, maintain adequate liquidity, and maintain sufficient reserves. The following table reflects the Organization's financial assets (cash and cash equivalents and investments) as of December 31, 2018, reduced by amounts not available for general expenditures within one year.

| | |
|---|---|
| Financial assets: | |
| Cash and cash equivalents | $ 67,715 |
| Investments | 18,583 |
| Financial assets, at year-end | 86,298 |
| Less those unavailable for general expenditure within one year, due to: | |
| None | - |
| Financial assets available to meet cash needs for general expenditures within one year | $ 86,298 |

## NOTE 6 - CONCENTRATIONS OF RISK

Revenues from Burnet County constituted approximately 20% of total revenues for the year ended December 31, 2018.

## NOTE 7 - SUBSEQUENT EVENTS

The Organization did not have any subsequent events through September 23, 2019, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the fiscal year ended December 31, 2018.