

BLANCO RIVER REGIONAL RECOVERY TEAM
AUDITED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2017

BLANCO RIVER REGIONAL RECOVERY TEAM

Table of Contents

Independent Auditor’s Report.....1-2

Financial Statements

 Statement of Financial Position.....3

 Statement of Activities.....4

 Statement of Functional Expenses.....5

 Statement of Cash Flows.....6

Notes to Financial Statements.....7-11

Independent Auditor's Report

To the Board of Directors of
Blanco River Regional Recovery Team

Report on the Financial Statements

I have audited the accompanying financial statements of Blanco River Regional Recovery Team, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Blanco River Regional Recovery Team, as of December 31, 2017, 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.

Linda Jenyef Genyef, CPA

San Marcos, Texas

February 20, 2018

BLANCO RIVER REGIONAL RECOVERY TEAM
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 196,265
Accounts receivable	900
Prepays	<u>5,308</u>
TOTAL CURRENT ASSETS	<u>202,473</u>
TOTAL ASSETS	<u><u>\$ 202,473</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	<u>\$ 2,720</u>
TOTAL CURRENT LIABILITIES	<u>2,720</u>
TOTAL LIABILITIES	<u><u>2,720</u></u>
NET ASSETS	
Unrestricted	<u>199,753</u>
TOTAL NET ASSETS	<u>199,753</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 202,473</u></u>

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

BLANCO RIVER REGIONAL RECOVERY TEAM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUE AND SUPPORT	
Contributions	\$ 246,052
Fundraising	32,694
TOTAL SUPPORT AND REVENUE	<u>\$ 278,746</u>
EXPENSES	
Program services	\$ 297,362
Supporting services	
Management and general	8,814
Fundraising	32,408
TOTAL EXPENSES	<u>338,584</u>
CHANGE IN NET ASSETS	(59,838)
NET ASSETS, BEGINNING OF YEAR	<u>259,591</u>
NET ASSETS, END OF YEAR	<u><u>\$ 199,753</u></u>

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

BLANCO RIVER REGIONAL RECOVERY TEAM
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services		Total Supporting Services	Total
		Management and General	Fundraising		
Payroll and related expenses	\$ 48,320	\$ -	\$ -	\$ -	\$ 48,320
Program expenses-Martindale	98,990	-	-	-	98,990
Program expenses-San Marcos	99,840	-	-	-	99,840
Program expenses-other areas	30,722	-	-	-	30,722
Program materials	6,815	-	-	-	6,815
Fundraising	-	-	32,408	32,408	32,408
Contract services	7,335	-	-	-	7,335
Operations	-	8,332	-	8,332	8,332
Liability insurance	-	482	-	482	482
Travel	5,340	-	-	-	5,340
	<u>\$ 297,362</u>	<u>\$ 8,814</u>	<u>\$ 32,408</u>	<u>\$ 41,222</u>	<u>\$ 338,584</u>

The accompanying notes are an integral of these financial statements.

BLANCO RIVER REGIONAL RECOVERY TEAM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (59,838)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Change in accounts receivables	(900)
Change in prepaids	(3,504)
Change in liabilities	2,485
NET CASH USED BY OPERATING ACTIVITIES	<u>(61,757)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(61,757)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>258,022</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 196,265</u>
Supplementary information	
Interest paid	\$ -
Income taxes paid	\$ -

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

BLANCO RIVER REGIONAL RECOVERY TEAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Blanco River Regional Recovery Team was established and certified by the Secretary of State of Texas on September 2, 2015. Blanco River Regional Recovery Team's mission is to assist people impacted by events related to the 2015 Memorial Day weekend river flooding and All Saints weekend floods. Blanco River Regional Recovery Team identifies, develops, administers and maintains a program that provides assistance for survivors with unmet needs and handles essential long term recovery functions.

Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance through the Board of Directors, oversight, business management, financial recordkeeping, budgeting and similar functions to ensure an adequate and effective organization.

Fundraising activities include publicizing and conducting fundraising events and other activities involved with soliciting contributions from corporations, foundations, individuals and others.

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

BLANCO RIVER REGIONAL RECOVERY TEAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Temporarily Restricted Net Assets

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restrictions is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Permanently Restricted Net Assets

Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is the organization's beneficial interest in a perpetual charitable trust held by a bank trustee.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. Net losses on endowment investments reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreased in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

Cash Equivalents

For purposes of the statement of cash flows, the organization includes cash deposits accounts and short-term investments with maturities of less than three months to be cash and cash equivalents. As of December 31, 2017, the organization's cash and cash equivalents totaled \$196,265.

BLANCO RIVER REGIONAL RECOVERY TEAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable are contributions expected to be collected in less than one year. No allowances for uncollectibles have been recorded.

Prepays

Prepays are prepaid charge accounts set up at McCoy's Building Supply Corporation. The prepaid charge accounts allow the organization to purchase material, supplies and equipment needed for completing the program recovery projects.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increase in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restriction. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

BLANCO RIVER REGIONAL RECOVERY TEAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Fundraising costs are expenses as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Tax Status

The organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax year is still open to audit for both federal and state purposes.

Fair Value Measurements

The organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 Inputs that are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs that are unobservable for the asset or liability.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amount of cash and cash equivalents, pledges and other receivables, accounts payables and accrued expenses approximates fair market value due to the short-term maturities of these investments.

BLANCO RIVER REGIONAL RECOVERY TEAM
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE B - RELATED-PARTY TRANSACTIONS

Blanco River Regional Recovery Team has two prepaid expense/charge accounts for McCoy's Building Supply Corporation. The chief financial officer of McCoy's Building Supply Corporation serves as the Board Treasurer of the Blanco River Regional Recovery Team. The organization utilizes the prepaid accounts to purchase needed materials and supplies for the organization's program recovery projects. During 2017, total prepaid payments made to McCoy's Building Supply Corporation totaled \$57,182.

NOTE C - SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 20, 2018, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.