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SPRING BRANCH HUMAN RESOURCES PARTNERSHIP INC.  
dba SPRING BRANCH FAMILY DEVELOPMENT CENTER  
*(A NON-PROFIT ORGANIZATION)*

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REPORT ON FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2017

BREEDLOVE & CO., P.C.  
*CERTIFIED PUBLIC ACCOUNTANTS*

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

January 14, 2019

Board of Directors  
Spring Branch Human Resources Partnership Inc.  
dba Spring Branch Family Development Center  
Houston, Texas

We have audited the accompanying financial statements of Spring Branch Human Resources Partnership Inc. (a non-profit 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spring Branch Human Resources Partnership Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Breidlove & Co., P.C.*

SPRING BRANCH HUMAN RESOURCES PARTNERSHIP INC.  
dba SPRING BRANCH FAMILY DEVELOPMENT CENTER

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017

ASSETS

Current Assets	
Cash and cash equivalents	\$ 319 635
Cash and cash equivalents- temporarily restricted	3 602
Accounts receivable, net	2 800
Unconditional contributions receivable, net	19 500
Prepaid insurance	<u>1 727</u>
Total Current Assets	<u>347 264</u>
Property and Equipment - Net of accumulated depreciation of \$79,155	<u>30 031</u>
Total Assets	<u>\$ 377 295</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 6 819
Accrued expenses	5 684
Accrued compensated absences	<u>11 538</u>
Total Current Liabilities	<u>24 041</u>
Net Assets	
Unrestricted	349 652
Temporarily restricted	<u>3 602</u>
Total Net Assets	<u>353 254</u>
Total Liabilities and Net Assets	<u>\$ 377 295</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

**SPRING BRANCH HUMAN RESOURCES PARTNERSHIP INC.**  
 dba SPRING BRANCH FAMILY DEVELOPMENT CENTER

STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues			
Contributions	\$ 197 175	\$ -	\$ 197 175
Rental income	177 176	-	177 176
Management fee income	33 600	-	33 600
Interest and dividends	1 178	-	1 178
Miscellaneous income	268	-	268
Total Revenues	409 397	-	409 397
Expenses			
Program services	357 872	3 305	361 177
Supporting services	7 161	-	7 161
Total Expenses	365 033	3 305	368 338
Change in Net Assets	44 364	( 3 305)	41 059
Net Assets as of Beginning of Year	305 288	6 907	312 195
Net Assets as of End of Year	\$ 349 652	\$ 3 602	\$ 353 254

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**SPRING BRANCH HUMAN RESOURCES PARTNERSHIP INC.**  
**dba SPRING BRANCH FAMILY DEVELOPMENT CENTER**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>PROGRAM</u> <u>SERVICES</u>	<u>SUPPORTING</u> <u>SERVICES</u>	
	<u>Social and</u> <u>Health Services</u>	<u>General and</u> <u>Administrative</u>	<u>Total</u> <u>Expenses</u>
Salaries and benefits	\$ 213 099	\$ -	\$ 213 099
Maintenance	115 704	-	115 704
Utilities	4 673	-	4 673
Professional fees	-	7 161	7 161
Community event	2 578	-	2 578
Promotional event	3 305	-	3 305
Other	<u>17 199</u>	<u>-</u>	<u>17 199</u>
Total Expenses before depreciation	356 558	7 161	363 719
Depreciation	<u>4 619</u>	<u>-</u>	<u>4 619</u>
Total Expenses	<u>\$ 361 177</u>	<u>\$ 7 161</u>	<u>\$ 368 338</u>

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SPRING BRANCH HUMAN RESOURCES PARTNERSHIP INC.  
dba SPRING BRANCH FAMILY DEVELOPMENT CENTER

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows Provided for Operating Activities:	
Increase in net assets	\$ 41 059
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	4 619
Decrease in accounts receivable	8 499
Increase in prepaid insurance	( 48)
Decrease in accounts payable and accrued expenses	( 1 863)
Decrease in accrued compensated absences	( 3 692)
Net cash provided by operating activities	<u>48 574</u>
Cash Flows Used for Investing Activities:	
Purchase of furniture and equipment	<u>( 34 651)</u>
Net cash used by investing activities	<u>( 34 651)</u>
Net Increase in Cash and Cash Equivalents	13 923
Cash and Cash Equivalents - December 31, 2016	<u>309 314</u>
Cash and Cash Equivalents - December 31, 2017	<u>\$ 323 237</u>
Supplemental Data:	
Interest paid	<u>\$ -</u>

See Independent Auditors' Report and Accompanying Notes to Financial Statements

**SPRING BRANCH HUMAN RESOURCES PARTNERSHIP INC.**  
dba SPRING BRANCH FAMILY DEVELOPMENT CENTER

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE (1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Spring Branch Human Resources Partnership Inc. (the "Partnership") is a non-profit organization which was incorporated on June 17, 1997 for the purpose of facilitating programs to promote the well-being of the Spring Branch community. The Partnership has certain overall supervisory responsibilities for the facility known as the Spring Branch Family Development Center (which is owned by a separate 501(c)(3) corporation), which brings together in one location educational programs of the Spring Branch Independent School District, comprehensive services offered by the Boys and Girls Club, and health and social services.

The Partnership operates and manages the Health and Social Services building in which the following services are provided: health services, WIC programs, English as a Second Language (ESL) classes, family support programs, speech therapy, and a computer lab.

Basis 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 (U.S. GAAP).

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. As of December 31, 2017, \$3,602 of the cash balance was temporarily restricted.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

During 2017, there was no increase in temporarily restricted funds, and \$3,305 in expenses was incurred for its specific purpose. At December 31, 2017, there were temporarily restricted net assets of \$3,602 for a program which is for the education of parents and other caregivers of children in the Spring Branch Family Development Center community.

Property and Equipment

Property and equipment is stated at cost and is depreciated on a straight-line basis over its estimated useful life of a five to seven year period for furniture and fixtures and a five year period for vehicles. Donated property and equipment is recorded at fair value at the time received and depreciated over its remaining useful life.

**SPRING BRANCH HUMAN RESOURCES PARTNERSHIP INC.**  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)

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

Fair Value Measurement

The fair value of donated assets is the purchase price less accumulated depreciation at the time of donation.

Functional Expenses

Expenses are charged directly to program or management in general categories based on specific identification.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes

The Partnership is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

Receivables and Allowance for Uncollectible Accounts

Receivables are recorded when revenue is earned but not yet received or when a promise is made but the funds are not yet received. Management considers accounts receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts is required. All receivables are due in 2018.

NOTE (2) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2017:

	<u>Cost</u>
Furniture and fixtures	\$ 74 535
Computers and equipment	<u>34 651</u>
Less accumulated depreciation	<u>( 79 155)</u>
Total	<u>\$ 30 031</u>

Depreciation expense for the year ended December 31, 2017 was \$4,619.

**SPRING BRANCH HUMAN RESOURCES PARTNERSHIP INC.**  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017  
(Continued)

NOTE (3) CONCENTRATIONS OF CREDIT RISK

The Partnership maintains cash balances at one financial institution. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. In the normal course of business, the organization may have deposits that exceed the insured balance. As of December 31, 2017, all deposits were adequately insured.

NOTE (4) OPERATING LEASE

The Partnership facilitates its programs from facilities that it leased under a ten-year non-cancelable operating lease that expired May 31, 2011. The Partnership exercised its renewal option for an additional ten-year period extending the lease to May 31, 2021. The Partnership does not pay a fixed rental sum. Rental expense is based on direct expenses (i.e. utilities, taxes, insurance and improvements) incurred by the Partnership for use of the facilities and is negotiated yearly. Rental expense for 2017 was \$69,490 and is included under maintenance on the statement of functional expenses. A similar amount is expected to be paid each year for the next five years.

The leased space is subleased to five unaffiliated organizations that facilitate programs to promote the well-being of the Spring Branch community. The lease terms range from September 2017 to August 2020. Receipts of rental income under the subleases are as follows for the next 3 years:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 105 480
2019	105 480
2020	<u>105 480</u>
	<u>\$ 316 440</u>

NOTE (5) SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 14, 2019 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.