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

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REPORT ON FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2013

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

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# BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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RICHARD W. BREEDLOVE, CPA  
President

## INDEPENDENT AUDITORS' REPORT

March 4, 2014

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, 2013, 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

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, 2013, 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.

*Breedlove & Co., P.C.*

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

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2013

ASSETS

Current Assets	
Cash and cash equivalents	\$ 154 440
Cash and cash equivalents- temporarily restricted	38 978
Accounts receivable	6 356
Prepaid insurance	<u>1 418</u>
Total Current Assets	201 192
Fixed Assets - Net of accumulated depreciation of \$63,598	<u>10 937</u>
Total Assets	<u>\$ 212 129</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 4 282
Accrued compensated absences	<u>11 234</u>
Total Current Liabilities	<u>15 516</u>
Net Assets	
Unrestricted	151 435
Temporarily restricted	38 978
Permanently restricted	<u>6 200</u>
Total Net Assets	<u>196 613</u>
Total Liabilities and Net Assets	<u>\$ 212 129</u>

See 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, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues				
Contributions	\$ 110 560	\$ 49 843	\$ -	\$ 160 403
Rental income	131 807	-	-	131 807
Management fee income	33 600	-	-	33 600
Interest and dividends	496	-	-	496
Donated assets	-	-	6 200	6 200
Miscellaneous income	106	-	-	106
Total Revenues	276 569	49 843	6 200	332 612
Expenses				
Program services	262 284	35 865	-	298 149
Supporting services	6 490	-	-	6 490
Total Expenses	268 774	35 865	-	304 639
Change in Net Assets	7 795	13 978	6 200	27 973
Net Assets as of Beginning of Year	143 640	25 000	-	168 640
Net Assets as of End of Year	\$ 151 435	\$ 38 978	\$ 6 200	\$ 196 613

See Accompanying Notes to Financial Statements

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

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>PROGRAM</u> <u>SERVICES</u>	<u>SUPPORTING</u> <u>SERVICES</u>	
	Social and <u>Health Services</u>	General and <u>Administrative</u>	Total <u>Expenses</u>
Salaries and benefits	\$ 134 703	\$ -	\$ 134 703
Maintenance	106 615	-	106 615
Other	13 342	-	13 342
Utilities	3 897	-	3 897
Professional fees	-	6 490	6 490
Community event	1 970	-	1 970
Promotional event	<u>35 865</u>	<u>-</u>	<u>35 865</u>
Total Expenses before depreciation	296 392	6 490	302 882
Depreciation	<u>1 757</u>	<u>-</u>	<u>1 757</u>
Total Expenses	<u>\$ 298 149</u>	<u>\$ 6 490</u>	<u>\$ 304 639</u>

See Accompanying Notes to Financial Statements

SPRING BRANCH HUMAN RESOURCES PARTNERSHIP INC.  
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STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows Provided for Operating Activities:	
Change in net assets	\$ 27 973
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1 757
Donated assets	( 6 200)
Increase in accounts receivable	( 3 556)
Increase in prepaid insurance	( 35)
Decrease in accounts payable	( 340)
Decrease in accrued compensated absences	( 501)
Net cash provided by operating activities	<u>19 098</u>
Cash Flows Used for Investing Activities:	
Purchase of furniture and equipment	( 1 512)
Net cash used by investing activities	<u>( 1 512)</u>
Net Increase in Cash and Cash Equivalents	17 586
Cash and Cash Equivalents - December 31, 2012	<u>175 832</u>
Cash and Cash Equivalents - December 31, 2013	<u>\$ 193 418</u>
Supplemental Data:	
Interest paid	<u>\$ -</u>

See Accompanying Notes to Financial Statements

SPRING BRANCH HUMAN RESOURCES PARTNERSHIP INC.  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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 generally accepted accounting principles.

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, 2013, \$38,978 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 the year 2013, there was a \$49,843 increase in restrictions of funds, and \$35,865 expense incurred for its specific purpose. At December 31, 2013, there were temporarily restricted net assets of \$38,978 for a program which is for the education of parents and other caregivers of children in the Spring Branch Family Development Center community.

Fixed Assets

Fixed assets are stated at cost and are depreciated on a straight-line basis over their estimated useful lives of a five to seven year period for furniture and fixtures and a five year period for vehicles. Donated fixed assets are recorded at fair value at the time received.



SPRING BRANCH HUMAN RESOURCES PARTNERSHIP INC.  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013  
(Continued)

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

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 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.

Income Taxes

Spring Branch Human Resources Partnership Inc. 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 income is earned but not yet received. Management considers accounts receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts is required.

NOTE (2) FIXED ASSETS

Fixed assets consisted of the following as of December 31, 2013:

	<u>Cost</u>
Furniture and fixtures	\$ 74 535
Less accumulated depreciation	<u>( 63 598)</u>
Total	<u>\$ 10 937</u>

On December 31, 2013, the Partnership received ownership of twenty computers with the restriction that all computers must be used as a community access point. All computers were bought in 2011 at a total cost of \$15,500. On the day that ownership transferred, the Partnership recorded all computers as donated assets of \$6,200. No depreciation expense was recorded on these computers for the year ended December 31, 2013. As of December 31, 2013, the donated computers were presented as permanently restricted net assets.

Depreciation expense for the year ended December 31, 2013 was \$1,757.

SPRING BRANCH HUMAN RESOURCES PARTNERSHIP INC.  
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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013  
(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, 2013, all deposits were adequately insured.

NOTE (4) OPERATING LEASE

The Partnership facilitates its programs from facilities that are 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. Rental expense is based on direct expenses incurred by the Partnership for use of the facilities and is negotiated yearly. Rental expense for 2013 was \$71,577 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 unaffiliated organizations that facilitate programs to promote the well-being of the Spring Branch community. The above lease expense will be offset by payments of rental income due under the subleases as follows for the next 3 years:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 79 700
2015	7 975
2016	<u>3 024</u>
	<u>\$ 90 699</u>

NOTE (5) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 4, 2014 (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.