Community Foundation of the Brazos Valley

Financial Statements

with

Independent Auditors' Report

December 31, 2009
INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors
Community Foundation of the Brazos Valley

We have audited the accompanying statement of financial position of Community Foundation of the Brazos Valley (a Texas Non-Profit Corporation) as of December 31, 2009 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Community Foundation of the Brazos Valley’s management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Community Foundation of the Brazos Valley as of December 31, 2009 and the related statements of activities and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

May 6, 2010

[Signature]
COMMUNITY FOUNDATION OF THE BRAZOS VALLEY  
Statement of Financial Position  
December 31, 2009  

ASSETS  

Current assets:  
Cash (note 2) $ 188,927  
Investments (note 4) 1,107,201  
Prepaid expenses 878  
Total current assets 1,297,006  

Property and equipment:  
Furniture, fixtures, and equipment 11,253  
Less: Accumulated depreciation (6,300)  
Net property and equipment 4,953  

Total assets $ 1,301,959  

LIABILITIES AND NET ASSETS  

Liabilities:  
Payroll liabilities $ -  
Agency endowments (note 6) 111,432  
Total liabilities 111,432  

Net assets: (note 5)  
Unrestricted 1,181,492  
Temporarily restricted 9,035  

Total net assets 1,190,527  

Total liabilities and net assets $ 1,301,959  

See accompanying notes to financial statements.
COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Statement of Activities
For the Year Ended December 31, 2009

<table>
<thead>
<tr>
<th>Public support and revenues</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations</td>
<td>$158,473</td>
<td>$17,155</td>
<td>$175,628</td>
</tr>
<tr>
<td>Investment income (loss)</td>
<td>199,584</td>
<td>(5,944)</td>
<td>193,640</td>
</tr>
<tr>
<td>Special events</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>In kind contributions</td>
<td>8,062</td>
<td>-</td>
<td>8,062</td>
</tr>
<tr>
<td>Other</td>
<td>12,484</td>
<td>-</td>
<td>12,484</td>
</tr>
<tr>
<td>Net assets released from purpose restrictions</td>
<td>155,085</td>
<td>(155,085)</td>
<td>-</td>
</tr>
<tr>
<td>Total public support and revenues</td>
<td>533,688</td>
<td>(143,874)</td>
<td>389,814</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants to organizations</td>
<td>114,135</td>
<td>-</td>
<td>114,135</td>
</tr>
<tr>
<td>Scholarships</td>
<td>84,500</td>
<td>-</td>
<td>84,500</td>
</tr>
<tr>
<td>Special events</td>
<td>15,716</td>
<td>-</td>
<td>15,716</td>
</tr>
<tr>
<td>Support services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>84,695</td>
<td>-</td>
<td>84,695</td>
</tr>
<tr>
<td>Total expenses</td>
<td>299,046</td>
<td>-</td>
<td>299,046</td>
</tr>
</tbody>
</table>

| Change in net assets       | 234,642       | (143,874)              | 90,768 |
| Net assets - beginning of year | 946,850 | 152,909                | 1,099,759 |
| Net assets - end of year   | $1,181,492    | $9,035                 | $1,190,527 |

See accompanying notes to financial statements.
COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Statement of Cash Flows
For the Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES
Change in net assets $ 90,768
Adjustments to reconcile to net cash provided (used) by operating activities:
Non cash contribution (20,012)
Reinvested dividends (2,575)
Loss on disposal of property and equipment 388
Net (gain) loss on investments (171,498)
Depreciation 3,308
Increase (decrease) in cash resulting from changes in assets and liabilities:
Prepaid expenses (384)
Payroll liabilities (4,724)
Agency funds 16,868
Net cash provided (used) by operating activities (87,861)

CASH FLOWS FROM INVESTING ACTIVITIES
Purchase of investments (209,392)
Proceeds from the sale of investments 327,453
Net cash provided (used) by investing activities 118,061

Net increase (decrease) in cash and equivalents 30,200

Cash and cash equivalents at beginning of year 158,727

Cash and cash equivalents at end of year $ 188,927

See accompanying notes to financial statements.
1. **Summary of significant accounting policies**

**History**

Community Foundation of the Brazos Valley is a public, not for profit 501(c)(3) organization. The Foundation was originally organized on January 9, 2003 under the name Brazos Community Foundation.

**Mission**

The Community Foundation of the Brazos Valley is dedicated to improving the quality of life in the Brazos Valley through the development of philanthropic giving, responsible grant making, professional stewardship and collaborative leadership.

**Basis of accounting**

The financial statements of the Community Foundation of the Brazos Valley have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Financial Statement Presentation**

Because the Foundation follows Generally Accepted Accounting Principles for financial statements of not for profit organizations, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets based upon the existence or absence of donor-imposed restrictions. These classes are as follows:

- **Unrestricted net assets** – Net assets are not subject to donor-imposed stipulations.

- **Temporarily restricted net assets** – Net assets subject to donor imposed stipulations that may or will be met, either by actions of the Corporation and/or the passage of time. When a 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.

- **Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Corporation. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on any related investments for general or specific purposes.

As permitted by the statement, the organization does not use fund accounting.
Summary of significant accounting policies - continued

Programs

Programs are established to comply with the intent of the donor. All contributions, which contain restrictions, are classified as temporarily restricted net assets. These amounts are tracked, by the individual programs, until fully expended. The individual programs are classified in the note which provides details on temporarily restricted net assets. Categories of major programs, during the period covered by these financial statements were:

1. Scholarships for students attending area colleges
2. Various programs and activities of charitable organizations in the Brazos Valley

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all cash and other highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. It is the Foundation’s policy to immediately sell donated marketable securities upon receipt.

Contributed Services

For the years covered in this report, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation, but these services do not meet the criteria for recognition as contributed services.

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.
1. **Summary of significant accounting policies - continued**

   **Fixed Assets**

   Fixed assets are stated at cost, less accumulated depreciation. Expenditures for additions, major renewal, and betterments are capitalized, while maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method over estimated useful lives.

   **Advertising Costs**

   Advertising costs are expensed as incurred.

   **Income Taxes**

   The Corporation is exempt from 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. In addition, the Foundation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. The Corporation has no unrelated business income.

   **Subsequent events**

   Management has evaluated subsequent events through May 6, 2010, the date the financial statements were available to be issued. No additional disclosures or modifications were deemed necessary.

2. **Cash and cash equivalents**

   Cash and cash equivalents consist of checking accounts at local financial institutions and money market accounts with original maturities less than three months. For the purpose of the statement of cash flows, temporarily restricted cash and cash equivalents are included.

3. **Concentration of credit risk arising from cash deposits in excess of insured limits**

   At December 31, 2009, the Foundation did not have cash balances exceeding the FDIC $250,000 coverage.
COMMUNITY FOUNDATION OF THE BRAZOS VALLEY
Notes to the Financial Statements
December 31, 2009

4. Investments

The organization carries investments in marketable securities with readily determinable fair values at fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investments in marketable securities are carried at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following at December 31, 2009:

<table>
<thead>
<tr>
<th></th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>$ 542,980</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>564,221</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,107,201</strong></td>
</tr>
</tbody>
</table>

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. Investment return consists of the following:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividend income</td>
<td>$ 22,142</td>
</tr>
<tr>
<td>Net gain (loss) on investments</td>
<td>171,498</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 193,640</strong></td>
</tr>
</tbody>
</table>

Investment Pools

The Organization maintains master investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts, as adjusted for additions to or deductions from those accounts.

5. Net Assets

Included in unrestricted net assets is approximately $419,987 of donor-advised funds as of December 31, 2009. Although grant recommendations are accepted from the donors or other advisors of these funds, the foundation has variance power; that is, the ultimate discretion of the use of these funds lies with the Board of Trustees. Thus such funds represent unrestricted net assets to the foundation.
5. **Net Assets - continued**

Temporarily restricted net assets are net assets whose use is limited by either donor-imposed time restrictions or purpose restrictions. Time restrictions require resources to be used in a certain period or after a specified date. Purpose restrictions require resources to be used for a specific purpose. All temporarily restricted net assets of this Foundation are based on purpose restrictions.

The following is a summary of temporarily restricted net assets classified by purpose restrictions:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Balance As of December 31, 2008</th>
<th>Contributions Restricted By Purpose Restrictions</th>
<th>Amounts Released 2009</th>
<th>Earnings (Loss)</th>
<th>Balance As of December 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boys &amp; Girls Clubs of the Brazos Valley Building Fund</td>
<td>$71,650</td>
<td>$</td>
<td>$71,652</td>
<td>2</td>
<td>$</td>
</tr>
<tr>
<td>Community Foundation FIMS Fund</td>
<td>2,167</td>
<td>-</td>
<td>2,167</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Blinn College Native American Scholarship Fund</td>
<td>2,000</td>
<td>-</td>
<td>2,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>New Horizon Scholarship Fund</td>
<td>77,092</td>
<td>17,155</td>
<td>79,266</td>
<td>(5,946)</td>
<td>9,035</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>152,909</strong></td>
<td><strong>17,155</strong></td>
<td><strong>155,085</strong></td>
<td><strong>(5,944)</strong></td>
<td><strong>9,035</strong></td>
</tr>
</tbody>
</table>

Donor restricted contributions are recorded as temporarily restricted net assets, even if the restrictions are met in the same reporting period in which the contributions are received.

Permanently restricted net assets represent donor-restricted donations. The restrictions are for the donated assets to remain in perpetuity, and the Foundation does not have the right to invade the original principal. As of December 31, 2009, the Foundation did not have any permanently restricted net assets.
6. **Agency Endowment Funds**

Financial accounting standards require that if a not-for-profit organization transfers assets to a recipient organization and specifies itself or its affiliate as the beneficiary, the organization must account for the transfer of such assets as a liability. The Foundation refers to these funds as agency endowment funds. These funds are presented net of their respective income and expenses as a non-current liability in the Statement of Financial Position. The agency endowment funds held at December 31, 2009 are summarized as follows.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts Council of Brazos Valley</td>
<td>$4,029</td>
</tr>
<tr>
<td>Boys and Girls Club of Brazos Valley</td>
<td>10,287</td>
</tr>
<tr>
<td>Brazos Valley Choral</td>
<td>7,951</td>
</tr>
<tr>
<td>Cherry/St. Andrews Youth</td>
<td>8,307</td>
</tr>
<tr>
<td>Children's Museum of Brazos Valley</td>
<td>6,175</td>
</tr>
<tr>
<td>Plass/St. Andrews Episcopal</td>
<td>47,876</td>
</tr>
<tr>
<td>Scotty's House</td>
<td>16,813</td>
</tr>
<tr>
<td>St. Michaels Academy</td>
<td>4,988</td>
</tr>
<tr>
<td>Still Creek Ranch</td>
<td>5,006</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$111,432</strong></td>
</tr>
</tbody>
</table>