

TEXAS HILL COUNTRY RIVER REGION, INC.

ANNUAL FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2015

TEXAS HILL COUNTRY RIVER REGION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Texas Hill Country River Region, Inc.
PO Box 55
Concan, TX 78838

We have audited the accompanying financial statements of Texas Hill Country River Region, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015, 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 from 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 Texas Hill Country River Region, Inc. as of December 31, 2015, 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.

Coleman, Horton & Company, LLP

Certified Public Accountants

Uvalde, Texas

February 26, 2016

TEXAS HILL COUNTRY RIVER REGION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

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	<u>2015</u>
<u>ASSETS</u>	
Current assets:	
Unrestricted cash and cash equivalents	\$ 118,810
Temporarily restricted cash for HOT funds	414,539
HOT receivable	78,094
Security deposit	<u>1,000</u>
Total current assets	<u>612,443</u>
 TOTAL ASSETS	 <u>\$ 612,443</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Accounts payable	\$ 210
Accrued wages payable	3,840
Payroll taxes payable	<u>2,900</u>
Total current liabilities	<u>6,950</u>
Total liabilities	<u>6,950</u>
Net assets:	
Unrestricted	118,810
Temporarily restricted	<u>486,683</u>
Total net assets	<u>605,493</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 612,443</u>

The accompanying notes are an integral part of this statement.

TEXAS HILL COUNTRY RIVER REGION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Tax collections	\$ -	\$ 473,265	\$ 473,265
Investment income	122	317	439
Miscellaneous	25	-	25
Net assets released from restrictions			
Satisfaction of purpose restrictions	<u>367,567</u>	<u>(367,567)</u>	<u>-</u>
 TOTAL REVENUES, GAINS AND OTHER SUPPORT	 <u>367,714</u>	 <u>106,015</u>	 <u>473,729</u>
 Expenses			
Program services			
Operating expenses	<u>369,926</u>	<u>-</u>	<u>369,926</u>
 TOTAL EXPENSES	 <u>369,926</u>	 <u>-</u>	 <u>369,926</u>
 CHANGE IN NET ASSETS	 (2,212)	 106,015	 103,803
 NET ASSETS AT BEGINNING OF YEAR	 <u>121,022</u>	 <u>380,668</u>	 <u>501,690</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 118,810</u>	 <u>\$ 486,683</u>	 <u>\$ 605,493</u>

The accompanying notes are an integral part of this statement.

TEXAS HILL COUNTRY RIVER REGION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

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	<u>2015</u>
	<u>Program</u>
	<u>Services</u>
Compensation and related expenses	
Salaries	\$ 99,800
Payroll taxes	<u>7,719</u>
	107,519
Advertising accounts	30,905
Bank charges	232
Billboard advertising	18,000
Brand development	50,817
Contract labor	150
Executive search fee	273
Events sponsored	2,000
Insurance	2,343
Legal and professional	9,950
Meals and entertainment	89
Office expense	1,695
Office equipment/sign	2,933
Postage	116
Rent	4,200
River cleanup	7,870
Special events	59,861
Sponsorships	16,718
Storage unit	1,440
Telephone	1,747
Travel expenses	4,895
Website advertising	31,329
Web page design and maintenance	<u>14,844</u>
	<u>\$ 369,926</u>

The accompanying notes are an integral part of this statement.

TEXAS HILL COUNTRY RIVER REGION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

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	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 103,803
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets	
Taxes receivable	(4,191)
Security deposit	(1,000)
Increase (decrease) in operating liabilities	
Accounts payable	210
Accrued wages payable	3,840
Payroll taxes payable	<u>485</u>
NET ASSETS PROVIDED BY OPERATING ACTIVITIES	<u>103,147</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	103,147
BEGINNING CASH AND CASH EQUIVALENTS	<u>430,202</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 533,349</u></u>

The accompanying notes are an integral part of this statement.

TEXAS HILL COUNTRY RIVER REGION, INC.
NOTES TO FINANCIAL STATEMENTS

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Texas Hill Country River Region, Inc., (THCRR) is a not-for-profit voluntary community-based service organized to promote tourism and to attract conventions and visitors to Uvalde County. THCRR markets the Uvalde County area, through advertising and special events to bring tourism to Uvalde County. The majority of THCRR is financed through the collection of a local hotel/motel tax from area accommodations. Other current revenues are received from special events, such as Trout Days and Rio Frio Fest that are sponsored by THRCC to bring visitors to Uvalde County.

Basis of Accounting:

The Company prepares its financial statements using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, the Company considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Cash Restrictions:

Amounts received from Uvalde County for the hotel occupancy tax (HOT) are to be used for general promotional and tourist advertising for Uvalde County and conducting a solicitation and operating program to attract visitors and conventions to the Area. Funds received from Uvalde County are held in a separate bank account. The HOT funds are reported as temporarily restricted when received. When the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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.

TEXAS HILL COUNTRY RIVER REGION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes:

Texas Hill Country River Region, Inc. is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(6) and therefore has made no provision for Federal income taxes.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2013, 2014, and 2015 are subjected to examination by the IRS, generally for three years after they were filed.

Leases:

Operating Leases

The Organization leases a building and furniture under a commercial lease. Total cost for the lease was \$4,200 for the year ended December 31, 2015.

The future minimum lease payments for these leases are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2016	\$ 3,000
Total	<u>\$ 3,000</u>

Inventories:

THCRR records purchases of supplies as expenditures.

NOTE 2. CONCENTRATION OF RISK

Texas Hill Country River Region, Inc. maintains bank accounts at one bank. Accounts at an insured financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for deposits. As of December 31, 2015, there were \$283,349 of deposits in excess of FDIC insurance.

THCRR depends on revenues generated in the Concan area. The majority of this revenue comes from visitors in the Concan area. Withdrawal or a reduction in this support would have a detrimental effect on the operations of the organization.

TEXAS HILL COUNTRY RIVER REGION, INC.
NOTES TO FINANCIAL STATEMENTS

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NOTE 3. RELATED PARTIES

In the normal course of business Texas Hill Country River Region, Inc. conducts routine transactions with Board members. None of the transactions, individually or in the aggregate, were considered material to the financial statements.

NOTE 4. DATE OF MANAGEMENT REVIEW

Subsequent events have been evaluated through February 26, 2016, the issue date of this report.