

**TEXAS HILL COUNTRY RIVER REGION, INC.**  
**ANNUAL FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2014**

# **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, 2014, 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, 2014, 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 25, 2015

TEXAS HILL COUNTRY RIVER REGION, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2014

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	<u>2014</u>
<u>ASSETS</u>	
Current assets:	
Unrestricted cash and cash equivalents	\$ 121,022
Temporarily restricted cash for HOT funds	309,180
HOT receivable	<u>73,903</u>
Total current assets	<u>504,105</u>
TOTAL ASSETS	<u>\$ 504,105</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Payroll taxes payable	<u>\$ 2,415</u>
Total current liabilities	<u>2,415</u>
Total liabilities	<u>2,415</u>
Net assets:	
Unrestricted	121,022
Temporarily restricted	<u>380,668</u>
Total net assets	<u>501,690</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 504,105</u>

The accompanying notes are an integral part of this statement.

TEXAS HILL COUNTRY RIVER REGION, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2014

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Tax collections	\$ -	\$ 383,398	\$ 383,398
Investment income	168	191	359
Miscellaneous	-	25	25
Net assets released from restrictions			
Satisfaction of purpose restrictions	<u>142,306</u>	<u>(142,306)</u>	<u>-</u>
 TOTAL REVENUES, GAINS AND OTHER SUPPORT	 <u>142,474</u>	 <u>241,308</u>	 <u>383,782</u>
Expenses			
Program services			
Operating expenses	<u>142,649</u>	<u>-</u>	<u>142,649</u>
 TOTAL EXPENSES	 <u>142,649</u>	 <u>-</u>	 <u>142,649</u>
 CHANGE IN NET ASSETS	 (175)	 241,308	 241,133
NET ASSETS AT BEGINNING OF YEAR	<u>121,197</u>	<u>139,360</u>	<u>260,557</u>
NET ASSETS AT END OF YEAR	<u>\$ 121,022</u>	<u>\$ 380,668</u>	<u>\$ 501,690</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, 2014

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	<u>2014</u>
	<u>Program</u>
	<u>Services</u>
Compensation and related expenses	
Salaries	\$ 21,939
Payroll taxes	<u>1,874</u>
	23,813
Advertising accounts	46,472
Associations, dues and subscriptions	210
Bank charges	248
Contract labor	2,300
Employee benefits	10,000
Executive search fee	24,326
Insurance	2,333
Legal and professional	5,536
Meals and entertainment	43
Office expense	738
Postage	128
Repairs and maintenance	29
River cleanup	3,235
Sponsorships	15,000
Storage unit	420
Telephone	1,625
Web page design and maintenance	<u>6,193</u>
	<u>\$ 142,649</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, 2014

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	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 241,133
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
(Increase) decrease in operating assets	
Taxes receivable	(12,196)
Increase (decrease) in operating liabilities	
Accounts payable	(22,665)
Accrued wages payable	(1,076)
Payroll taxes payable	<u>1,372</u>
NET ASSETS PROVIDED BY OPERATING ACTIVITIES	<u>206,568</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	206,568
BEGINNING CASH AND CASH EQUIVALENTS	<u>223,634</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 430,202</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, Rio Frio Fest, and a Bicycle Classic 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.

**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.

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

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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, 2014, there were \$ 180,202 unsecured deposits.

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.

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 25, 2015, the issue date of this report.