



BOARD OF DIRECTORS MEETING AGENDA
February 8, 2019 at Cypress Towers

Brighton Five Year Vision

To set a strong foundation for children of all abilities by being the preferred developmental and educational service provider for early childhood across Bexar County by 2021.

- I. *Call to order.....Blake S. P.*
- II. *Review and Approve Minutes..... Blake S.
January 9, 2019 Meeting Minutes**
- III. *Committee Reports*
 - A. *Executive Committee..... Blake S.
Board Member Expectations**
 - B. *Ad Hoc Capital Campaign Committee.....Lindsay B.
Discuss Revised Construction Costs (Guest: Bill Norton) & Approve revised
Capital Campaign Overall Budget**
 - C. *Board Development CommitteeBlake S.*
 - D. *Resource Development Committee.....LeAnn T.*
 - E. *Finance Committee.....Justin T.
Approval of the FY2018 Organizational Annual Audit**
- IV. *Organizational Update*
 - A. *ECE Leadership Changes*
 - B. *ECI Database/myEvolve – Request for Board Approval of Reserve Funds**
- V. *Other Business*
- VI. *Adjournment**
- VII. *Next Meeting – Friday, March 8th @ 2pm at Cypress Towers*

BOARD OF DIRECTORS MEETING MINUTES

January 9, 2019 @ 4:00 p.m.

La Madeleine French Bakery & Café Park North – 722 Northwest Loop 410,
Suite 201, San Antonio, TX 78216

Brighton Mission: Brighton Center provides family & community education and developmental services to children with disabilities or delays empowering them to achieve their individual potential making them successful in every community.

Brighton Five Year Vision: To set a strong foundation for children of all abilities by being the preferred developmental and educational service provider for early childhood across Bexar County by 2021.

ATTENDEES	
Board Members	Blake Stribling, Lynette Padalecki, Steve Lyons, Gerry Soto, Rebecca Hutchison, LeAnn Trejo, Ramon Hernandez
Staff	Kim Jefferies, Katrina Campbell, Michele Sierra, Irma Bustos, Larry Fischer, Ariel Valle

I. CALL TO ORDER

- a. Lynette Padalecki called the meeting to order at 4:01 p.m.

II. REVIEW AND APPROVAL OF BOARD MEETING MINUTES

- a. The board meeting minutes from the November Board Meeting were included in the packet.
- b. Chair asked for review of minutes and any amendments. No amendments from members.

BOARD ACTION	
Motion/Committee Recommendation	Meriel Bowman made a motion to approve the minutes as written for the November 14 th , 2018 board meeting.
	Steve Lyons seconded the motion to approve the minutes as written for the November 14 th , 2018 board meeting.
Board Vote	Unanimous Approval of the motion to approve the minutes as written for the November 14 th , 2018 board meeting.

III. COMMITTEE REPORTS

- a. *Executive Committee – Kim Jefferies reported out*
 - i. Board Members discussed the moving Board Meetings to a different date/time. Board agreed to move to the 2nd Friday of the month at 2pm and would be held at HEB's Cypress Tower location.
 - ii. Executive Committee presented a revision to the Board Expectations. There was lively discussion about the implementation of these new expectations. The Executive Committee proposed to take the draft of the Board Expectations and the feedback from board members and revise further. The Executive Committee then asked to have the Board Development Committee and Resource Development Committee review these changes and provide additional feedback. Goal is to present revised expectations to the Board at the February 8th Board Meeting.
- b. *Ad Hoc Capital Campaign Committee – Kim Jefferies reported out*
 - i. A Revenue Summary Report was provided showing the agency at approximately 86% of its fundraising goal.
 - ii. A committee activity report was provided showing pending asks and activities.

- c. *Board Development Committee— Blake Stribling reported out*
 - a. Blake Stribling brought up the need to have a new Board Development Committee Chair as it was too much to take on given his role as Vice-Chair and a member of the Executive Committee. Ramon Hernandez volunteered to fill this role.

IV. COMMITTEE REPORTS

- a. *Resource Development— LeAnn Trejo reported out*
 - i. The FY18 Board Scorecard was included in the packet for review.
 - ii. LeAnn Trejo presented Board Champion information and requested that all Board Members select either Best Night Ever or Blessings for Brighton to Champion.
 - iii. LeAnn Trejo went over the “January Board Activity Card” and requested that all Board Members work to complete the listed activities before February’s Board Meeting.
- b. *Finance Committee— Larry Fischer reported out*
 - i. Larry Fischer discussed the progress on the Annual Audit and that it should be ready for full review in January.

V. ORGANIZATIONAL UPDATE – Kim Jefferies

- a. Kim Jefferies discussed the Unite Way Funding request that Brighton has pending and updated the board on the status. The United Way is behind on notifying agencies on their requests but that funds should be awarded by July 1st, 2019.

VI. OTHER BUSINESS – Kim Jefferies

- a. Steve Lyons mentioned the idea of each Board Member to look for opportunities to introduce the agency through industry related events.

VII. ADJOURNMENT

BOARD ACTION	
Motion/Committee Recommendation	Meriel Bowman made a Motion to adjourn the Board Meeting.
	Ramon Hernandez seconded the Motion to adjourn the Board Meeting.
Board Vote	Unanimous Approval of the Motion to adjourn the Board Meeting at 5:00 p.m.



Executive Committee Report

January 25, 2019 Via Conference Call

The Executive Committee had a committee call and all Officers were in attendance – Lynette Padalecki, Blake Stribling, Meriel Bowman, Justin Thompson and Kim Jefferies, Staff.

1. Committee reviewed and discussed the Board Expectations as presented and tabled at the January 9th meeting. Committee discussed minor modifications and will present to the Board at the February meeting for approval.
2. Kim discussed an increase in construction costs related to the capital project and describe value engineering efforts being taken. Kim will present a revised construction and/or capital campaign goal at the February board meeting for discussion and approval.
3. Kim discussed a current investigation with the leadership of the Early Childhood Center Director and Site Manager that was in process related to CCS records. Kim will provide an update to the committee at the conclusion of the investigation Friday evening.

Action Items:

- Meriel to update board expectations based on Executive Committee modifications for inclusion in the board packet.
- Kim to email the Executive Committee upon conclusion of the ECE leadership investigation.
- Kim to email the Executive Committee with updated construction costs/capital campaign goal prior to the board meeting and present at the February board meeting to the full board.



BOARD MEMBER RESPONSIBILITIES

As a Board Member of the Brighton Center, I pledge that I will fulfill the Board Member Responsibilities set forth below and as may be later adopted by the Board of Directors.

As a Board Member, I will provide strategic leadership to ensure adequate financial resources to advance the mission of Brighton Center and continually seek new resources and new supporters for Brighton Center. Specifically, in this regard, I agree to:

- Make or Secure Annual Donations of a Minimum of \$10,000;
 - Board Members will receive the following tickets to Taste of the Northside in recognition for annual contributions/donations:
 - 2 VIP Tickets at \$10,000
 - 4 VIP Tickets at \$25,000
 - 6 VIP Tickets at \$50,000
 - 8 VIP Tickets at \$100,000
- Financially Support Brighton Center at a Personally Significant Level;
(all personal support will count towards the \$10,000 minimum)
- Actively Serve on One or More Standing Board Committees;
- Support/Contribute to One or More Major Fundraising Events by:
 - Attending the Event(s); and
 - Securing Donations or Services for the Event(s).
- Attend Monthly Board Meetings and the Annual Board Retreat;
- Identify New Leadership by Suggesting Board Candidates;
- Uphold Brighton Center's Core Values; and
- Avoid Any Personal or Material Conflict of Interest.

SIGNATURE: _____

PRINTED NAME: _____

DATE SIGNED: _____



Brighton Center

Here there are only ~~Disabilities~~.

Ad Hoc Capital Campaign Committee Report February 2019

The following activity has occurred since the January Board Meeting.

TOTAL RAISED/COMMITTED TO DATE: \$6,101,825 (86% of goal)

Information Gathering/Calls:

- Lynette continues to meet with a donor to discuss gift to campaign.
- RDC requested that Board Members make initial contact with those on their list of people potentially interested in learning more about our expansion and potentially partnering on it.

NEW Contributions/Pledges: \$0

Scheduled/Upcoming Ask Meetings:

- Carroll Schubert from PSI had to cancel and will reschedule for January 2019. (Barbara Gentry)

Asks Made/Pending Requests: \$98,500+

- Brighton Center sent out mailed request letters and information packets to longtime supporters requesting gifts from \$3,000 - \$10,000. Following up on these request letters week of February 4-15th.

Upcoming Requests: \$750,000

- Mike Ciskowski (\$250,000) – Lynette Padalecki
- Anonymous Donor (\$500,000) – Lynette Padalecki



Resource Development Committee & Board Development Committee

Join Committee Meeting Notes

January 31, 2019 – Meeting in Person

8:00am @ Quarry Golf Club

In Attendance: LeAnn Trejo, Ramon Hernandez (Board Development), Mario Garcia, Steve Lyons, Katrina Campbell (staff)

Agenda Items to Be Discussed:

1) Advisory Council

- Review Advisory Council Details
 - Charter
 - Proposed Members
 - Comparison of Board Members vs. Advisory Council
 - Discuss “Advisory Council” name
- Advisory Council Presentation to Board at February 8th Board Meeting
 - Reviewed Advisory Council Charter, Proposed Board Member List, Board Members vs. Advisory Council documents. All in attendance agreed that implementing an “advisory council” that would exist to compliment the board and give volunteers interested in serving in the agency a meaningful way to contribute.
 - Committee members did discuss working on the name of the “advisory council” are were going to research different options and come to a solution prior to the February 8th board meeting when the concept would be fully proposed.
 - Ramon Hernandez agreed to send out Advisory Council documents for the Board Members to review ahead of the Board Meeting so that they have time to review and come up with questions that they have.
 - Goal is to have present the “advisory council” concept and ask for a vote from Board Members at the February 8th Board Meeting.

2) Board Expectations

- Review proposed expectations by the Executive Committee
 - TASTE ticket perks: Discuss levels and tickets
 - Board Champion expectations: Is it asking too much?
- Reviewed the revised Board Expectations that the Executive Committee drafted. All RDC and BD Committee members agreed with the new outline of expectations.
- Committee members discussed the “Board Champion” concept and decided that while there would be suggestions on how to be engaged as a Board Champion nothing would be “mandatory.” Committee also discussed adding administration duties that the Board Champions could offer support on as a part of their

Resource Development Committee Purpose:

Develop and lead a strategy for securing sustainable financial resources to help support the Brighton Center Mission, builds relationships with Brighton Center supporters and-improves awareness of the Brighton Center and its mission.

Resource Development Committee Duties:

1) Hold Board Members accountable to the agreed upon Board Member fundraising expectations.; 2) Meet Monthly to review Board Member Scorecards and discuss strategies to increase participation if needed. 3) Connect Monthly with Board Champions on upcoming events. 4) Work with Board Development Committee Chair to communicate types of Board Members need to meet growing fundraising needs. 5) Understand and report on Brighton’s current and future fundraising activities. 6) Engage the board in such a way that board goals are achieved.

engagement. Katrina to add that to the “Board Champion Participation Suggestions”.

- Once new Board Expectations are confirmed, the RDC & BDC would like to encourage the Executive Committee to not revisit expectations for at least 3 years from approval.
- Ramon and LeAnn working to put together a visuals that represent Board Development and Board Champions.

3) Big Give – Next Major Fundraiser

- Board Engagement/Participation
 - Committee wants to ensure attendance by the Board is significant for the March 8th board meeting so that RDC can present on the Big Give.
 - Committee would like to propose a date prior to Big Give week where the Board can be “trained” how to use emails/social media to help the agency reach their Big Give Goals.

4) Board Activity Cards

- January Board Activity Follow Ups
 - LeAnn confirmed that she would be following up with Board Members on their progress prior to the February Board Meeting.
- February Board Activities
- Did not discuss.

Other: Committee Members suggested that each Committee begin putting together a high level ppt slide that can be a part of the board meeting that only discusses the items that need board support or input on. Would like Board Members to be more involved in presenting their own committees information in a more visual, easier to digest way.

Attachments:

1. Development/General Fund Dashboard

Next Meeting: Thursday, February 28, 2019: Phone Call/Webex

1. Review Board Scorecards YTD
2. Big Give Plan
3. Prepare for March Board Meeting/March Activity Card

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Charter for Brighton Center Advisory Council

I. General

The Council shall be called the 'Advisory Council.' It is authorized by the Board of Directors and will serve at the pleasure of the governing body.

II. Purpose and Benefit

The Advisory Council is created as a standing council of advisors for the purpose of working with Brighton Center. The council shall limit its activities to advising and supporting the agency on matters that directly concern the agency's capital projects, programs and fundraising efforts. The Council shall have no legal responsibilities and is formed to give advice, support and recommendations to the board and executive management. It cannot compel the board or staff to act on its recommendations or feedback.

The Advisory Council shall:

- have a passion for the mission of Brighton Center.
- be comprised of diverse skills and experiences
- provide input, skills and knowledge towards specific projects when called upon by the executive leadership of the agency and/or the Board Chair.
- be ambassadors for Brighton Center in their circles of influence
- provide the executive leadership of the agency and the Board Chair with assistance with resource development and introductions to key people
- provide nominations for Advisory Council as requested by the Board of Directors.
- sign a conflict of interest disclosure and waiver statements

Benefit as an Advisory Member:

The Advisory member can be a tremendous influence and complement to the effectiveness of the Board of Directors as it works to carry out specific and complex roles. Other benefits include:

- Complement the skills of the governing board members.
- Opportunity to share professional expertise, insights, and experiences to develop emerging nonprofit leaders and board members.
- Leave a philanthropic legacy and enhance Brighton Center's impact in the San Antonio community.
- Engage in strategic dialogue and participate in robust discussions that will help shape the organization in the future and assist the organization in capitalizing and responding to trends.

III. Exclusions

Decision Making

Advisory trustees shall have no power to make decisions about the organization. They cannot outline rules for how the organization operate, give employees instructions or give directives to the Board of Directors or management.

Spokesperson

Advisory trustees shall not speak publicly on behalf of the organization unless specifically authorized by the Board of Directors. This includes speaking to the press or discussing confidential business matters with employees, clients or vendors.

IV. Membership

The Advisory Council shall consist of least six trustees. Trustees will be selected and appointed by the Board. Council trustees will constitute a cross-section of the community, public and private sectors.

V. Organizational Structure

The board chair or their designee shall appoint a President of the Council and serve as an ex-officio representative to the Council along. The Brighton Center CEO will serve as the staff liaison to the Advisory Council.

VI. Meetings & Communication

Meetings

The Advisory Council will meet annually. Electronic meetings may be convened at other times deemed necessary by the Council President.

Communication

Advisory Council Trustees will be provided with quarterly reports containing key activities and metrics meant to ensure the Trustees are provided with relevant and sufficient information from the agency. Advisory Council Trustees will be invited to Brighton Center events. Advisory Council Trustees may be contact at various times throughout the year to provide specific input and expertise on Brighton Center strategic projects.

VII. Adoption and Modification of the Charter

The Advisory Council Charter, and changes thereto, will be recommended by the Advisory Council Trustees and approved by the Brighton Center Board of Directors.

Board Members Advisory Council Expectations

Details	Board Member Expectations	Advisory Council Expectations
Role	<ul style="list-style-type: none"> ▪ To guide, support and be legally responsible for upholding Brighton Center's By-Laws & Core Values. 	<ul style="list-style-type: none"> ▪ To compliment the skills of the governing Board Members to provide support to the organization in their specific area of expertise for the benefit of the agencies capital projects, programs & fundraising efforts
Meetings & Participation	<ul style="list-style-type: none"> ▪ Attend monthly meetings. ▪ Join a Board Committee ▪ Be a Board Champion of one of Brighton's major fundraising events. 	<ul style="list-style-type: none"> ▪ Attend an annual Advisory Council meeting. ▪ Invited to participate in various Board activities (for example: Board mentorship, specil event committee, etc.)
Financial Contributions	<ul style="list-style-type: none"> ▪ To give or get \$10k/year to help the Brighton Center meet their annual fundraising budget and ensure that the resources they need to provide services to children with disabilities/delays are secured. ▪ To financially support Brighton Center at a personally significant level. 	<ul style="list-style-type: none"> ▪ No minimum financial contribution will be required but Advisory Council Members will be asked to introduce the agency to other influential leaders in the community as well as philanthropists that might aid the agency in growing their fundraising efforts.
Decision Making	<ul style="list-style-type: none"> ▪ Board Members will have the opportunity to work with Brighton Leadership to make key decisions about Brighton Center as an organization and play a critical role in guiding the organization into a successful future. 	<ul style="list-style-type: none"> ▪ The Advisory Council will have no power to make any decisions about the organization.
Public Speaking	<ul style="list-style-type: none"> ▪ Board Members will have the ability to speaking on behalf of the agency if needed. 	<ul style="list-style-type: none"> ▪ Advisory Council members will not be granted the opportunity to speak publicly about the organization unless authorized by the Board of Directors.
Membership Commitment	<ul style="list-style-type: none"> ▪ Minimum of a 3 year commitment. 	<ul style="list-style-type: none"> ▪ No minimum requirement.

Expertise	First Name	Last Name	Company
Philanthropic expertise	Suzanne	Goudge	Hurd Foundation Trustee
Philanthropic expertise	Barbara	Gentry	Community Volunteer
Media Relations/Nonprofit	Harvey	Najim	Najim Family Foundation
Governmental Affairs	Sonia	Williams	Papa Johns Board Member
Nonprofit	Kenny	Wilson	Haven for Hope
Architecture	Rick	Archer	Overland Partners
Media/PR/Marketing	Bob	Wills	PM Group



Finance Committee Report February 2019

While the Board Finance Committee did not meet the following actions occurred since the January Board Meeting.

1. Approved Audit Report via email.
2. Discussed internal control. Asked for a presentation of Internal Control by Accounting Department to whole board at some later date.
3. Copies of audit report will be available at Board meeting.
4. Audit partner to present financials at meeting.

Brighton Center

Financial Statements and Supplementary Information

August 31, 2018 and 2017



Brighton Center

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Independent Auditor's Report

To the Board of Directors of
Brighton Center

Report on the Financial Statements

We have audited the accompanying financial statements of Brighton Center (a nonprofit organization), which comprise the statement of financial position as of August 31, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Brighton Center as of August 31, 2018, 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.

Independent Auditor's Report (Continued)

Report on Summarized Comparative Information

We have previously audited Brighton Center's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and as required by the *State of Texas Single Audit Circular* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2019, on our consideration of Brighton Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brighton Center's internal control over financial reporting and compliance.



Schrivver, Carmona & Company, PLLC

San Antonio, Texas

January 23, 2019

Financial Statements

Brighton Center

Statements of Financial Position August 31, 2018 and 2017

	2018	2017
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 1,722,570	\$ 768,193
Accounts Receivable, net of allowance for doubtful accounts	643,960	396,416
Current Portion of Capital Campaign Pledges Receivable, net of allowance and discounts	1,981,316	-
Prepaid Expenses	108,952	61,759
Total Current Assets	4,456,798	1,226,368
Long-term portion of Capital Campaign Pledges Receivable, net of allowance and discounts	334,368	-
Property and Equipment, net of accumulated depreciation	1,894,109	1,926,101
Total Assets	\$ 6,685,275	\$ 3,152,469
Liabilities and Net Assets		
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 140,355	\$ 133,865
Retirement Payable	16,637	16,116
Accrued Expenses	563,606	424,538
Deferred Income	97,000	64,494
Total Current Liabilities	817,598	639,013
Total Liabilities	817,598	639,013
Net Assets:		
Unrestricted	2,446,377	2,306,695
Temporarily Restricted	3,421,300	206,761
Total Net Assets	5,867,677	2,513,456
Total Liabilities and Net Assets	\$ 6,685,275	\$ 3,152,469

The Accompanying Notes are an Integral Part of These Financial Statements.

Brighton Center

Statement of Activities

Year Ended August 31, 2018 (with Comparative Totals for the Year Ended August 31, 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Totals	Totals
Support and Revenues				
<i>Support:</i>				
Contributions	\$ 184,736	\$ 3,640,380	\$ 3,825,116	\$ 597,465
Special Events, net of direct expenses of \$202,717 and \$239,078 in 2018 and 2017, respectively	861,603	-	861,603	614,176
<i>Revenues:</i>				
Program Service Fees	7,512,064	-	7,512,064	6,863,205
Other Income	712	-	712	-
Net Assets Released from Restrictions	425,841	(425,841)	-	-
Total Support and Revenues	8,984,956	3,214,539	12,199,495	8,074,846
Expenses				
<i>Program Services:</i>				
Early Childhood Intervention	5,769,831	-	5,769,831	5,262,723
Early Childhood Education	981,636	-	981,636	1,008,132
Parenting Programs	209,338	-	209,338	220,542
<i>Support Services:</i>				
Management and General	1,305,820	-	1,305,820	1,315,954
Fundraising	578,648	-	578,648	299,902
Total Expenses	8,845,274	-	8,845,274	8,107,253
Change in Net Assets	139,682	3,214,539	3,354,221	(32,407)
Net Assets at Beginning of Year	2,306,695	206,761	2,513,456	2,545,863
Net Assets at End of Year	\$ 2,446,377	\$ 3,421,300	\$ 5,867,677	\$ 2,513,456

The Accompanying Notes are an Integral Part of These Financial Statements.

Brighton Center

Statement of Functional Expenses

Year Ended August 31, 2018 (with Comparative Totals for the Year Ended August 31, 2017)

	Program Services				Support Services			2018	2017
	Early Childhood Intervention	Early Childhood Education	Parenting Programs	Total Program Services	Management and General	Fundraising	Total Support Services	Totals	Totals
Salaries and Wages	\$ 4,183,913	\$ 684,962	\$ 151,966	\$ 5,020,841	\$ 887,215	\$ 255,242	\$ 1,142,457	\$ 6,163,298	\$ 5,728,632
Payroll Taxes	316,346	52,583	10,374	379,303	69,357	19,830	89,187	468,490	439,065
Employee Health Benefits	323,591	94,839	15,385	433,815	65,943	16,800	82,743	516,558	512,637
Retirement Benefits	91,820	7,729	436	99,985	27,142	6,703	33,845	133,830	117,376
Workers' Compensation Insurance	7,404	2,898	422	10,724	2,129	479	2,608	13,332	9,129
Total Salaries and Related Expenses	4,923,074	843,011	178,583	5,944,668	1,051,786	299,054	1,350,840	7,295,508	6,806,839
Other Operating Expenses:									
Special Events - Indirect	-	-	-	-	-	132,369	132,369	132,369	52,766
Occupancy	32,769	5,365	1,190	39,324	9,831	-	9,831	49,155	50,518
Telephone	56,476	9,246	2,051	67,774	16,943	-	16,943	84,717	124,423
Postage	4,409	722	160	5,290	1,323	-	1,323	6,613	5,579
Capital Campaign	-	-	-	-	-	147,225	147,225	147,225	-
Advertising	11,915	1,951	433	14,298	3,575	-	3,575	17,873	18,225
Equipment Maintenance and Rental	91,161	14,924	3,311	109,396	27,349	-	27,349	136,745	137,196
Rent	18,492	3,027	672	22,191	5,548	-	5,548	27,739	23,664
Supplies Expense	191,892	31,415	6,970	230,278	57,569	-	57,569	287,847	230,366
Professional Fees	44,827	7,339	1,628	53,794	13,448	-	13,448	67,242	45,702
Travel	105,218	17,226	3,822	126,265	31,566	-	31,566	157,831	149,646
Conferences and Meetings	35,397	5,795	1,286	42,478	10,619	-	10,619	53,097	33,948
Bad Debt	2,905	476	106	3,486	872	-	872	4,358	1,159
Insurance	30,002	4,912	1,090	36,003	9,001	-	9,001	45,004	42,790
Contract Labor	99,264	16,251	3,605	119,121	29,780	-	29,780	148,901	208,911
Licenses and Permits	2,887	473	105	3,464	866	-	866	4,330	4,000
ECI - Respite	7,833	1,282	285	9,400	2,350	-	2,350	11,750	11,140
Printing	13,885	2,273	504	16,662	4,166	-	4,166	20,828	6,316
Other	-	-	-	-	-	-	-	-	791
Membership and Dues	1,983	325	72	2,380	595	-	595	2,975	8,865
Miscellaneous	440	72	16	528	132	-	132	660	-
Total Other Operating Expenses	751,755	123,072	27,305	902,132	225,533	279,594	505,127	1,407,259	1,156,005
Total Expenses before Depreciation	5,674,829	966,083	205,888	6,846,800	1,277,319	578,648	1,855,967	8,702,767	7,962,844
Depreciation	95,002	15,553	3,451	114,006	28,501	-	28,501	142,507	144,409
Total Expenses	\$ 5,769,831	\$ 981,636	\$ 209,338	\$ 6,960,806	\$ 1,305,820	\$ 578,648	\$ 1,884,468	\$ 8,845,274	\$ 8,107,253

The Accompanying Notes are an Integral Part of These Financial Statements.

Brighton Center

Statements of Cash Flows Years Ended August 31, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 3,354,221	\$ (32,407)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	142,507	144,409
Bad Debt	4,358	1,159
Net Present Value Discount on Pledges	22,709	-
Loss on Disposal of Fixed Assets	-	791
(Increase) Decrease in:		
Accounts Receivable	(251,902)	1,782
Capital Campaign Pledges Receivable	(3,357,075)	-
Prepaid Expenses	(47,193)	(5,659)
Increase (Decrease) in:		
Accounts Payable	6,490	(72,118)
Accrued Liabilities	139,589	(9,404)
Deferred Income	32,506	17,234
Net Cash Provided by Operating Activities	46,210	45,787
Cash Flows From Investing Activities:		
Purchase of Property and Equipment	-	(48,099)
Capital Campaign Expenditures Related to Architecture, Design, and Engineering	(110,515)	-
Net Cash Used by Investing Activities	(110,515)	(48,099)
Cash Flows From Financing Activities:		
Proceeds from Capital Campaign Pledges	1,018,682	-
Net Cash Provided by Financing Activities	1,018,682	-
Net Increase (Decrease) in Cash	954,377	(2,312)
Cash and Cash Equivalents, Beginning of Year	768,193	770,505
Cash and Cash Equivalents, End of Year	\$ 1,722,570	\$ 768,193

The Accompanying Notes are an Integral Part of These Financial Statements.

Brighton Center

Notes to Financial Statements
August 31, 2018 and 2017

Note A: Nature of Organization

Brighton Center (a Texas non-profit corporation) dba Brighton Center (the Center) was incorporated on April 5, 1984 to help children in Texas, many of which have disabilities and/or developmental delays, by establishing, operating, and developing programs and services in health, welfare, and education which are necessary for their development.

Note B: Summary of Accounting Principles

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP). Net assets, support and revenue, and expenses are classified according to three classes of net assets:

- *Unrestricted net assets* – net assets that 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 Center and/or the passage of time.
- *Permanently restricted net assets* – net assets subject to donor-imposed stipulations that they be maintained permanently by the Center.

Fair Value of Financial Instruments

The Center's financial instruments include cash, receivables and payables. The carrying amount of these financial instruments as reflected in the Statements of Financial Position approximates fair value.

Functional Allocation of Expenses

Expenses which can be directly identified with specific programs are allocated to those programs. Any expenses not directly chargeable are allocated to programs and supporting service classifications on the basis of management estimates.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Center considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Brighton Center

Notes to Financial Statements
August 31, 2018 and 2017

Note B: Summary of Accounting Principles (Continued)

Accounts and Pledges Receivable

Accounts receivable are recorded in two categories: Insurance Billing Activity and Grants and Other.

Insurance Billing Activities

Insurance billing consists of insurance companies being billed at fully allocated revenue rates per hour of service. The Center expects many of these invoices will not be paid in full due to the insurance company's payment structure not supporting the Center's fully allocated revenue rates. These accounts are considered as part of the nonprofit services provided by the Center. Revenue is reduced by the amount expected not to be paid (write-off). This is understood and allowed for at the time of invoice by reducing the revenue and recording the offset to a contra account to accounts receivable. This essentially allows both revenue and accounts receivable to be accurate at period end.

Grants and Other

Grants are recorded at the value of the grant. Rarely is there any write down of these accounts receivable, hence bad debt will be recorded if/when it is determined the account receivable is uncollectible. The Center regularly reviews and adjusts bad debt percentages to an average based on the type of receivable. Other types of receivables are related to Early Childhood Education program services, support services, and capital campaign pledges. These other receivables are recorded at invoice amounts and written off if management determines the receivable is uncollectible.

Property and Equipment

Property and equipment acquisitions are recorded at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years. Assets costing \$1,500 or more with useful lives greater than one year are capitalized; all others are expensed as repairs and maintenance.

Revenue Recognition

Contributions received and unconditional promises to give are recorded when earned rather than received, and are reported as an increase in net assets. The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Center reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Brighton Center

Notes to Financial Statements
August 31, 2018 and 2017

Note B: Summary of Accounting Principles (Continued)

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense for the years ending August 31, 2018 and 2017 was **\$17,873** and \$18,225, respectively.

Donated Services, Goods and Facilities

Volunteers have donated time to the program services and fund-raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills.

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair market value at the date of receipt.

Federal Income Taxes

The Center is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. Contributions to the Center are deductible to the extent allowed by law. Management of the Center believes it has no material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. In addition, the Center has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) for the Internal Revenue Code. There was no unrelated business income for the years ended August 31, 2018 and 2017. The Center is not subject to the Texas margin tax. Management is not aware of any tax position that would have a significant impact on its financial position.

New Accounting Pronouncements

In May 2014, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from contracts with Customers*, Topic 606. For not-for-profit organizations that have issued, or are conduit bond obligors for, securities traded, listed, or quoted on an exchange or an over-the-counter market, the standard is currently in effect. For all other not-for-profit organizations, the standard takes effect in annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The core principle of this pronouncement focuses on the contract between the organization and its customers for goods and services, and ultimately, the rights and obligations between the organization and the customer. Management of Brighton Center is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In February 2016, FASB issued ASU 2016-02, *Leases*, effective for reporting periods beginning after December 15, 2019. Under this new pronouncement, generally, leases with terms of more than 12 months will be recognized in the Statements of Financial Position as an asset (right to use leased asset) and a liability (lease liability). Management of Brighton Center expects the impact to operations to be minimal and is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will result in significant changes to financial reporting and disclosures for non-for-profit organizations and is effective for periods beginning after December 15, 2017, with early adoption permitted. The pronouncement replaces the three classes of net assets with two new classes, requires the reporting of expenses by function and natural classification for all not-for-profit organizations, enhances disclosures on liquidity and availability of resources, and includes several other less significant reporting enhancements. Management of Brighton Center is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Brighton Center

Notes to Financial Statements
August 31, 2018 and 2017

Note B: Summary of Accounting Principles (Continued)

New Accounting Pronouncements (Continued)

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 is effective for periods beginning after December 15, 2018, with early adoption permitted. The pronouncement clarifies the definition of an exchange transaction and contributions made and received. Management of Brighton Center is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Note C: Accounts Receivable

Accounts receivable consisted of the following at August 31:

	2018	2017
Grants Receivable	\$ 419,358	\$ 70,866
Patients and Other	376,461	1,523,856
	<u>795,819</u>	<u>1,594,722</u>
Less: Allowance for Doubtful Accounts	<u>(151,859)</u>	<u>(1,198,306)</u>
Total Accounts Receivable, net	<u>\$ 643,960</u>	<u>\$ 396,416</u>

Accounts receivable at August 31, 2018 are expected to be collected within a year.

Note D: Capital Campaign Pledges Receivable

During the year ended August 31, 2018 the Center received capital campaign pledges totaling \$3,334,366, net of discount on pledges. Capital campaign pledges receivable consist of unconditional promises to give from various contributors totaling **\$2,315,684** and \$0 at August 31, 2018 and 2017, respectively. The outstanding amounts pledged range from \$117 to \$1,500,000 and are to be received over a range of one to three years. The pledges have been discounted at a rate of 4.75%, Brighton Center's bank rate to borrow, to account for the present value of future cash flows at August 31, 2018.

Capital Campaign Pledges Receivable at August 31, 2018 is summarized as follows:

Year Ending August 31,	
2019	\$ 2,029,038
2020	206,535
2021	<u>150,542</u>
Total capital campaign pledges receivable	2,386,115
Less: allowance for doubtful accounts	(47,722)
Less: net present value discount	<u>(22,709)</u>
Total Capital Campaign Pledges Receivable, net of allowance and discount	2,315,684
Less: Current Portion of Capital Campaign	
Pledges Receivable, net of allowance and discount	<u>(1,981,316)</u>
Long-term Portion of Capital Campaign	
Pledges Receivable, net of allowance and discount	<u>\$ 334,368</u>

Five contributors represented 88% of the capital campaign pledges receivable balance outstanding at August 31, 2018.

Brighton Center

Notes to Financial Statements
August 31, 2018 and 2017

Note E: Property and Equipment

Property and equipment, net consisted of the following at August 31:

	2018	2017
Land (see Note K)	\$ 435,681	\$ 435,681
Buildings (see Note K)	1,839,060	1,839,060
Equipment	779,600	779,600
Construction In Progress	110,515	-
	<u>3,164,856</u>	<u>3,054,341</u>
Accumulated Depreciation	<u>(1,270,747)</u>	<u>(1,128,240)</u>
Total Property and Equipment, net of accumulated depreciation	<u>\$ 1,894,109</u>	<u>\$ 1,926,101</u>

Equipment purchased from Early Childhood Intervention funds under the terms of the contract revert to the funding agency or any other party designated by the funding agency. The funding agency may, at its option and to the extent allowed by law, transfer title to such property to the Center. At August 31, 2018, equipment purchases from funds under the contract and subject to the terms discussed above were \$309,676.

Depreciation expense for the years ended August 31, 2018 and 2017 was **\$142,507** and \$144,409, respectively.

Note F: Program Service Fees

The Center records grants, fees from tuition, and fees charged to patients based upon their ability to pay as program service fees. The amounts billed consisted of the following at August 31:

	2018	2017
Grants-Government	\$ 2,692,307	\$ 2,686,889
Medicaid/Medicare	3,774,009	2,778,971
Tuition	1,027,379	1,016,026
Other	18,369	381,319
Total Program Service Fees	<u>\$ 7,512,064</u>	<u>\$ 6,863,205</u>

Note G: Special Events

Special events held by the Center included Taste of the Northside (TONS) and Best Night Ever (BNE), and consisted of the following for the years ended August 31:

	2018			2017		
	TONS and BNE	Other	Total	TONS and BNE	Other	Total
Revenue	\$ 986,092	\$ 78,228	\$ 1,064,320	\$ 781,356	\$ 71,898	\$ 853,254
Direct Benefit Expenses	<u>(176,576)</u>	<u>(26,141)</u>	<u>(202,717)</u>	<u>(193,010)</u>	<u>(46,068)</u>	<u>(239,078)</u>
Total Special Events, net	<u>\$ 809,516</u>	<u>\$ 52,087</u>	<u>\$ 861,603</u>	<u>\$ 588,346</u>	<u>\$ 25,830</u>	<u>\$ 614,176</u>

Brighton Center

Notes to Financial Statements
August 31, 2018 and 2017

Note H: Notes Payable

Line of Credit

The Center has a \$500,000 line of credit with Frost Bank that is secured by all accounts, equipment, contract rights and furniture. The line of credit was renewed in October 2017 and bears an interest rate of prime plus 1.25%, or 6.25% as of August 31, 2018. For the years ended August 31, 2018 and 2017, the line of credit balance was \$0.

Note I: Concentrations

Credit Risk of Financial Instruments

Financial instruments which potentially subject the Center to a concentration of credit risk consist of its cash balances held at its financial institution. The Center maintains several bank accounts at one institution in San Antonio, Texas. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At August 31, 2018 and 2017, the Center exceeded the insured limit in the amount of **\$1,489,175** and \$527,757, respectively. It is the opinion of the Center's management that the solvency of the financial institution is not a particular concern at this time due to the financial strength and reputation of the financial institution. The Center continues to monitor the uncollateralized deposits.

Support and Revenue

A source of the Center's revenues is grants funded with federal and state funds from the Health and Human Services Commission for Early Childhood Intervention. These are annual grants which require renewal every year. The revenue from these grants for the year ended August 31, 2018 was \$2,643,913 which was 21% of total revenue. The grants for the year ending August 31, 2018 have been approved and management believes that future grants will continue.

Note J: Leases

Lessee

The Center leases office space and equipment. The following is a schedule of future minimum lease payments for operating leases that had initial or remaining non-cancellable lease terms in excess of one year as of August 31, 2018:

2019	\$ 36,204
2020	36,204
2021	36,204
2022	36,204
Thereafter	<u>434</u>
Total	<u>\$ 145,250</u>

Total building and equipment rent expenses included in Equipment Maintenance and Rental in the Statement of Functional Expenses for the year ended August 31, 2018 and 2017 were **\$37,306** and \$46,982, respectively.

Brighton Center

Notes to Financial Statements
August 31, 2018 and 2017

Note K: Temporarily Restricted Net Assets

Temporarily Restricted Net Assets consisted of the following at August 31:

	2018	2017
Donated Property*		
Buildings	\$ 159,384	\$ 159,384
Land	33,100	33,100
Less: Accumulated Depreciation	(65,413)	(61,428)
Total Donated Property	127,071	131,056
Pledge Receivable United Way of San Antonio and Bexar County	59,369	58,639
Special Education Support and Services (formerly PALS Program)	11,009	17,066
Capital Campaign	3,223,851	-
 Total Temporarily Restricted Net Assets	 \$ 3,421,300	 \$ \$ 206,761

*On March 25, 2002, a donor contributed property to the Center. As required by the donor, the property must be used continuously for the benefit, development and/or education of mentally or physically challenged children for a period of fifty-five (55) years. The property's fair value at the date of its contribution is listed above. The fair value of the property was determined using Bexar County Appraisal estimates for comparable properties in the area.

Note L: Federal Financial Assistance

The Center has been awarded a grant to provide Early Childhood Intervention services. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant activity for the years ended August 31, 2018 and 2017 is reported on the Schedule of Expenditures of Federal and State awards.

Note M: Insurance Coverage

The Center procures insurance from reputable firms at amounts sufficient to mitigate any insurable risks that management deems appropriate to insure. This includes property and general liability insurance, officer and director insurance, cyber security, and auto insurance. In addition, the Center has an umbrella policy that covers above and beyond the limits directly related to these policies. Furthermore, the Center maintains coverage for worker's compensation, crime, volunteer and fundraising, employee benefits liability, professional liability, business interruption, and an accident policy oriented towards the Center's day care facilities.

Note N: Subsequent Events

Subsequent events have been evaluated through January 23, 2019, which is the date the financial statements were available to be issued.

Supplementary Information

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Board of Directors of
Brighton Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Brighton Center (a nonprofit organization), which comprise the statement of financial position as of August 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 23, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Brighton Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Brighton Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Brighton Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brighton Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards* (Continued)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "Schriver Carmona". The signature is fluid and cursive, with the first and last names being more prominent.

Schrivers, Carmona & Company, PLLC
San Antonio, Texas
January 23, 2019

**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance and
The State of Texas Uniform Grant Management Standards**

To the Board of Directors of
Brighton Center

Report on Compliance for Each Major Federal and State Program

We have audited Brighton Center's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and in the Texas Comptroller of Public Accounts, *State of Texas Uniform Grant Management Standards*, which includes the *State of Texas Single Audit Circular* that could have a direct and material effect on each of Brighton Center's major federal and state programs for the year ended August 31, 2018. Brighton Center's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedules of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Brighton Center's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements of the *State of Texas Uniform Grant Management Standards* (UGMS). Those standards, the Uniform Guidance, and the UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Brighton Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Brighton Center's compliance.

Opinion on Each Major Federal and State Program

In our opinion, Brighton Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2018.

**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance and
The State of Texas Uniform Grant Management Standards (Continued)**

Report on Internal Control Over Compliance

Management of Brighton Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Brighton Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brighton Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State of Texas Uniform Grant Management Standards. Accordingly, this report is not suitable for any other purpose.



Schrivers, Carmona & Company, PLLC

San Antonio, Texas

January 23, 2019

Brighton Center

Schedule of Expenditures of Federal and State Awards Year Ended August 31, 2018

<u>Federal Grantor/Pass through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass Through Grant ID Number</u>	<u>Federal Grant Expended During the Year</u>	<u>State Grant Expended During the Year</u>
<i>U.S. Department of Agriculture</i>				
Child and Adult Care Food Program	10.558	N/A	\$ 48,394	\$ -
<i>Total U.S. Department of Agriculture</i>			<u>48,394</u>	<u>-</u>
<i>U.S. Department of Education</i>				
<i>Pass through Health and Human Services Commission</i>				
<u>Early Childhood Intervention</u>				
Special Education Grants for Infants and Families with Disabilities	84.181	N/A	919,148	-
Special Education Grants for Infants and Families with Disabilities - IDEA, Part B	84.027	N/A	<u>197,083</u>	<u>-</u>
<i>Total U.S. Department of Education</i>			<u>1,116,231</u>	<u>-</u>
<i>U.S. Department of Health and Human Services</i>				
<i>Pass through Health and Human Services Commission</i>				
<u>Early Childhood Intervention</u>				
Temp. Assistance for Needy Families	93.558	N/A	<u>735,528</u>	<u>-</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>735,528</u>	<u>-</u>
<i>Texas General Revenue Funding</i>				
<i>Pass through Health and Human Services Commission</i>				
Early Childhood Intervention	N/A	5382001525	-	775,258
Early Childhood Intervention - Respite	N/A	5382001525	<u>-</u>	<u>11,750</u>
<i>Total Texas General Revenue Funding</i>			<u>-</u>	<u>787,008</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			\$ <u>1,900,153</u>	\$ <u>787,008</u>

See Accompanying Notes to the Schedule of Expenditures of Federal and State Awards

Brighton Center

Notes to Schedule of Expenditures of Federal and State Awards August 31, 2018

Note A: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (the Schedule) includes the federal and state grant activity of Brighton Center under programs of the federal and state governments for the year ended August 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements of the *State of Texas Uniform Grant Management Standards* (UGMS).

Because the Schedule presents only a selected portion of the operations of Brighton Center, it is not intended, and does not, present the financial position, changes in net assets or cash flows of Brighton Center. Therefore, some amounts presented in the Schedule may differ from amounts presented in the financial statements.

All of Brighton Center's federal and state awards were in the form of cash assistance for the year ended August 31, 2018.

Note B: Summary of Significant Accounting Policies (*Federal Awards Only*)

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 230, *Costs Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Brighton Center has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note C: Reconciliation to Financial Statements

Total Expenditures of Federal Awards	\$ 1,900,153
Total Expenditures of State Awards	787,008
Other Contracts and Fees	<u>4,824,903</u>
Program Service Fees	<u>\$ 7,512,064</u>

Brighton Center

Federal Awards – Schedule of Findings and Questioned Costs Year Ended August 31, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to the financial statements?	No

Federal Awards

Internal Control Over Major Programs:					
Material weakness(es) identified?	No				
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported				
Type of auditor's report issued on compliance for major programs	Unmodified				
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516?	No				
Identification of Major Programs:					
<table><tr><td><u>CFDA Number</u></td><td><u>Name of Federal Program or Cluster</u></td></tr><tr><td>84.181</td><td>Special Education Grants for Infants and Families with Disabilities</td></tr></table>	<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	84.181	Special Education Grants for Infants and Families with Disabilities	
<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>				
84.181	Special Education Grants for Infants and Families with Disabilities				
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000				
Auditee qualified as low-risk auditee?	No				

Brighton Center

State Awards – Schedule of Findings and Questioned Costs Year Ended August 31, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal Control Over Financial Reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to the financial statements?	No

State Awards

Internal Control Over Major Programs:					
Material weakness(es) identified?	No				
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported				
Type of auditor's report issued on compliance for major programs	Unmodified				
Any audit findings disclosed that are required to be reported in accordance with the <i>State of Texas Single Audit Circular</i> ?	No				
Identification of Major Programs:					
<table><tr><td><u>Grant Number</u></td><td><u>Name of Federal Program or Cluster</u></td></tr><tr><td>5382001525</td><td>Early Childhood Intervention</td></tr></table>	<u>Grant Number</u>	<u>Name of Federal Program or Cluster</u>	5382001525	Early Childhood Intervention	
<u>Grant Number</u>	<u>Name of Federal Program or Cluster</u>				
5382001525	Early Childhood Intervention				
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000				
Auditee qualified as low-risk auditee?	No				