

Board of Directors
The Children's Bereavement Center of South Texas

In planning and performing our audit of the financial statements of The Children's Bereavement Center of South Texas (CBCST) as of and for the years ended December 31, 2015 and 2014, in accordance with auditing standards generally accepted in the United States of America, we considered CBCST's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CBCST's internal control. Accordingly, we do not express an opinion on the effectiveness of CBCST'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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be significant deficiencies or material weaknesses.

This communication is intended solely for the information and use of management, CBCST's Board of Directors and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

 **DRAFT**

San Antonio, Texas
April XX, 2016

April XX, 2016

To the Board of Directors
The Children's Bereavement Center of South Texas

We have audited the financial statements of The Children's Bereavement Center of South Texas (CBCST) for the years ended December 31, 2015 and 2014, and have issued our report thereon dated April XX, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 23, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by CBCST are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by CBCST during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes significant adjustments we made in accordance with accounting principles generally accepted in the United States of America.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April XX, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to CBCST's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as CBCST's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Prior Year – Control Deficiencies

1. **Deposit Cash Receipts on a Timely Basis:** During our testing of undeposited funds, we noted a material amount of funds not deposited into the bank account until after year-end.

Current Year Observation: We noted this issue has been corrected in the current year.

2. **Expense Documentation:** During our testing of expenses, we noted that receipts provided as supporting documentation did not clearly detail the purpose or, in the case of meals, the specific attendees that benefited from the expense.

Current Year Observation: We noted this issue has been corrected in the current year.

Prior Year – Significant Deficiencies

1. **Segregation of Duties:** During our review of internal controls, we noted that one individual is responsible for preparing disbursement checks, Small non-profits organizations have a difficult time providing proper segregation of duties due to a limited number of people. A potential risk for theft or misuse of funds arises when one person controls the funds and is also responsible for recording and reconciling the transactions. Quickbooks has an inherent internal control weakness, in that transactions (payees, etc.) can be changed after printing of the checks.

Current Year Observation: We noted this issue has been corrected in the current year.

Board of Directors
The Children's Bereavement Center of South Texas

We would like to express our appreciation for the courtesy and cooperation extended to us by Marian Sokol, Blair Thompson, and their staff.

This information is intended solely for the use of the Board of Directors and management of The Children's Bereavement Center of South Texas, and should not be used for any other purpose.

Please do not hesitate to contact us if you want to discuss any of the matters contained herein.

Very truly,

A handwritten signature in black ink, appearing to read "Randy L. Walker", is written over a blue rectangular stamp with rounded corners. The stamp contains the word "DRAFT" in bold, blue, uppercase letters.

Randy L. Walker

DRAFT

Client: **Children's Bereavement of South Texas**
Engagement: **Children's Bereavement Center of South Texas**
Period Ending: **12/31/2015**
Workpaper: **Adjusting Journal Entries Report - 2**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		ZZ-2		
To roll forward net assets and adjust temporarily restricted net assets.				
3011	Investment in fixed assets		70,746.00	
3020	Temp. restricted net assets		3,299.00	
66900	Reconciliation Discrepancies		162.00	
3010	Net Assets			74,207.00
Total			74,207.00	74,207.00
Adjusting Journal Entries JE # 2		50-5		
To record in-kind revenue and expense for volunteer time contributed during FY'15.				
6990	In-kind Materials/Services Ofst		151,186.00	
4900	In-kind Materials/Services			151,186.00
Total			151,186.00	151,186.00
Adjusting Journal Entries JE # 3		M-2		
To properly record depreciation expense for FY'15.				
6180	Depreciation Expense		118,048.00	
1350	Accumulated Depreciation			118,048.00
Total			118,048.00	118,048.00
Adjusting Journal Entries JE # 4		M-2		
To properly adjust fixed assets for items that were incorrectly capitalized during the year.				
6300	Equipment Expense		5,114.00	
1502	Furniture, Fixtures & Equip			5,114.00
Total			5,114.00	5,114.00
Adjusting Journal Entries JE # 5		M-2		
To properly record disposal of items during the year.				
1350	Accumulated Depreciation		15,932.00	
6991	Loss on Disposal of Assets		9,711.00	
1501	Computer Equipment & Software			21,790.00
1502	Furniture, Fixtures & Equip			3,677.00
1504	Website			176.00
Total			25,643.00	25,643.00
Adjusting Journal Entries JE # 6		10-4b		
To properly classify contributions received as of year end from other income.				
4800	Other Income		11,806.00	
4020.1	Public Contributions			11,806.00
Total			11,806.00	11,806.00