



**COMMUNITY AND CHILDREN'S  
RESOURCE BOARD**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended December 31, 2022

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## FINANCIAL REPORT

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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
**COMMUNITY AND CHILDREN'S RESOURCE BOARD**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, and the major fund of the **COMMUNITY AND CHILDREN'S RESOURCE BOARD (CCRB)**, as of and for the year ended December 31, 2022, and the related notes to financial statements, which collectively comprise CCRB's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of CCRB as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CCRB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Responsibilities of Management 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 and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CCRB's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CCRB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CCRB's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Change in Accounting Principle***

CCRB adopted GASB Statement No. 87, *Leases*, which established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset as reported in Note H. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2023 on our consideration of CCRB'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 solely 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 the effectiveness of CCRB's 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 CCRB's internal control over financial reporting and compliance.

***Sikich LLP***

St. Louis, Missouri  
July 26, 2023

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED DECEMBER 31, 2022

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As management of the Community and Children's Resource Board (CCRB), we offer readers of CCRB's financial statements this narrative overview and analysis of the financial activities of CCRB for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with CCRB's financial statements (attached).

#### FINANCIAL HIGHLIGHTS

- \* The assets of CCRB exceeded its liabilities at the close of the most recent fiscal year by \$7,026,279.
- \* CCRB's total net position increased by \$1,894,521.
- \* As of the close of the current fiscal year, CCRB's governmental fund reported an ending fund balance of \$7,030,192, an increase of \$1,892,719 in comparison with the prior year.
- \* At the end of the current fiscal year, \$7,030,192 of fund balance, or 71.7% of total General Fund revenues, was restricted for community and children services.
- \* CCRB adopted GASB Statement No. 87, *Leases* (GASB 87), for the year ended December 31, 2022.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

CCRB oversees the administration, allocation, and distribution of the St. Charles County Community Children's Services Fund, for the purpose of establishing, operating, and maintaining community mental health and substance abuse services for St. Charles County children and youth.

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to CCRB's basic financial statements. CCRB's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains required supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of CCRB's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of CCRB is improving or deteriorating. The statement of net position also provides information on investment in capital assets and restricted amounts.

The statement of activities presents information showing how CCRB's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of timing of related cash flows.

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### FOR THE YEAR ENDED DECEMBER 31, 2022

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Both of the government-wide financial statements distinguish functions of CCRB that are principally supported by sales tax. The governmental activities of CCRB include collection of sales tax and services funded.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. CCRB uses fund accounting to demonstrate compliance with finance-related legal requirements. CCRB only maintains one governmental fund.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of CCRB's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

CCRB maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and change in fund balance for the General Fund, which is considered to be a major fund.

CCRB adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance with their budgets.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required supplemental information.** This MD&A and the budgetary comparison schedule and notes represent financial information required by GASB to be presented. Such information provides users of this report with additional data that supplements the government-wide financial statements, fund financial statements, and related notes (referred to as "the basic financial statements").

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of CCRB, assets exceeded liabilities by \$7,026,279 at the close of the most recent fiscal year.

**COMMUNITY AND CHILDREN'S RESOURCE BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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By far the largest portion of CCRB's net position reflects the sales tax receivable.

A condensed version of the statement of net position is as follows:

	<b>December 31</b>		<b>2022 Change</b>	
	<b>2022</b>	<b>2021</b>	<b>Amount</b>	<b>Percent</b>
<b>ASSETS</b>				
Current and other assets	\$ 7,594,203	5,575,102	2,019,101	36.2 %
Capital assets	92,133	800	91,333	11,416.6
Total Assets	<u>7,686,336</u>	<u>5,575,902</u>	<u>2,110,434</u>	37.8
<b>LIABILITIES</b>				
Current liabilities	564,011	437,629	126,382	28.9
Noncurrent liabilities	96,046	6,515	89,531	1,374.2
Total Liabilities	<u>660,057</u>	<u>444,144</u>	<u>215,913</u>	48.6
<b>NET POSITION</b>				
Net investment in capital assets	656	800	(144)	(18.0)
Restricted	<u>7,025,623</u>	<u>5,130,958</u>	<u>1,894,665</u>	36.9
Total Net Position	<u>\$ 7,026,279</u>	<u>5,131,758</u>	<u>1,894,521</u>	36.9 %

Due to this implementation of GASB 87, amounts for capital assets and noncurrent liabilities have increased.

**Governmental activities.** Governmental activities increased CCRB's net position by \$1,894,521.

Cash and investments remained stable. Expenditures increased due to increased funding needed for children's services provided.

A condensed version of the statement of activities is as follows:



**COMMUNITY AND CHILDREN'S RESOURCE BOARD**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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	For The Years Ended December 31		2022 Change	
	2022	2021	Amount	Percent
<b>REVENUES</b>				
General revenues:				
Sales tax	\$ 9,725,059	8,919,666	805,393	9.0 %
Investment income	77,561	13,852	63,709	459.9
Other	4,492	10,554	(6,062)	(57.4)
Total Revenues	<u>9,807,112</u>	<u>8,944,072</u>	<u>863,040</u>	9.6
<b>EXPENSES</b>				
Children's services	7,447,943	6,895,608	552,335	8.0
Administration	464,648	404,811	59,837	14.8
Total Expenses	<u>7,912,591</u>	<u>7,300,419</u>	<u>612,172</u>	8.4
<b>CHANGE IN NET POSITION</b>	1,894,521	1,643,653	250,868	15.3
<b>NET POSITION, JANUARY 1</b>	<u>5,131,758</u>	<u>3,488,105</u>	<u>1,643,653</u>	47.1
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 7,026,279</u>	<u>5,131,758</u>	<u>1,894,521</u>	36.9 %

#### **FINANCIAL ANALYSIS OF CCRB'S FUND**

As noted earlier, CCRB uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental fund.** The focus of CCRB's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing CCRB's financing requirements.

As of the end of the current fiscal year, CCRB's governmental fund reported an ending fund balance of \$7,030,192.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

CCRB had budget amendments during the year that increased expenditures by \$359,917 for children's services. Revenues were \$512,512 over the budgeted amount of \$9,294,600. Expenditures were \$3,498,421 under the budgeted amount of \$11,413,750.

# **COMMUNITY AND CHILDREN'S RESOURCE BOARD**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED DECEMBER 31, 2022**

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#### **CAPITAL ASSETS**

At the end of the year, \$155,181 was invested in capital assets, including furniture, equipment, and building office space. There was \$22,933 of depreciation and amortization expense for the year. More detailed information about capital assets is presented in Note C to the financial statements. Amounts have increased over the prior year due to the implementation GASB 87.

#### **LONG-TERM DEBT**

Long-term debt is the liability for compensated absences payable amounting to \$4,569 and lease liability of \$91,477 at December 31, 2022. More detailed information about long-term debt is presented in Note E to the financial statements. Amounts have increased over the prior year due to the implementation GASB 87.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Sales tax is the main source of revenue for CCRB at over 99% of total revenues and children's services functional expenses are approximately 95% of total expenses. These factors were considered in preparing CCRB's 2023 budget.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our residents and taxpayers with a general overview of CCRB's finances and to show CCRB's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Executive Director Bruce Sowatsky at 636-939-6200.

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## STATEMENT OF NET POSITION

DECEMBER 31, 2022

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 5,858,185
Sales tax receivable	1,734,633
Other assets	1,385
Capital assets, net of accumulated depreciation	92,133
Total Assets	<u>7,686,336</u>
<b>LIABILITIES</b>	
Accounts payable	559,848
Accrued wages and payroll taxes	4,163
Noncurrent liabilities:	
Due within one year	28,152
Due in more than one year	67,894
Total Liabilities	<u>660,057</u>
<b>NET POSITION</b>	
Net investment in capital assets	656
Restricted	<u>7,025,623</u>
Total Net Position	<u><u>\$ 7,026,279</u></u>

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

<b>FUNCTIONS/PROGRAMS</b>	<b>Expenses</b>	<b>Net Revenues (Expenses) And Change In Net Position</b>
<b>Governmental Activities</b>		
Children's services	\$ 7,447,943	(7,447,943)
Administration	464,648	(464,648)
Total Governmental Activities	<u>\$ 7,912,591</u>	<u>(7,912,591)</u>
<b>General Revenues</b>		
Sales tax		9,725,059
Investment income		77,561
Other		4,492
Total General Revenues		<u>9,807,112</u>
<b>CHANGE IN NET POSITION</b>		1,894,521
<b>NET POSITION, JANUARY 1</b>		<u>5,131,758</u>
<b>NET POSITION, DECEMBER 31</b>		<u>\$ 7,026,279</u>

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## BALANCE SHEET - GOVERNMENTAL FUND

DECEMBER 31, 2022

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ 5,858,185
Sales tax receivable	1,734,633
Other assets	<u>1,385</u>
Total Assets	<u><u>\$ 7,594,203</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	\$ 559,848
Accrued wages and payroll taxes	<u>4,163</u>
Total Liabilities	<u>564,011</u>
 <b>Fund Balance</b>	
Restricted for community and children services	<u>7,030,192</u>
Total Liabilities And Fund Balance	<u><u>\$ 7,594,203</u></u>

**COMMUNITY AND CHILDREN'S RESOURCE BOARD**  
**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND**  
**TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

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Total Fund Balance - Governmental Fund	\$ 7,030,192
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund. The cost of the capital assets is \$155,181 and the accumulated depreciation is \$63,048.	92,133
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Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund.

Long-term liabilities at year-end consist of:

Lease payable	(91,477)
Compensated absences payable	<u>(4,569)</u>

Total Net Position Of Governmental Activities	<u><u>\$ 7,026,279</u></u>
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**COMMUNITY AND CHILDREN'S RESOURCE BOARD**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE - GOVERNMENTAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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	<b>General Fund</b>
<b>REVENUES</b>	
Sales tax	\$ 9,725,059
Investment income	77,561
Other	4,492
Total Revenues	<u>9,807,112</u>
<b>EXPENDITURES</b>	
Children's services funded	7,447,943
Administration	437,960
Capital outlay	11,426
Debt service	17,064
Total Expenditures	<u>7,914,393</u>
<b>NET CHANGE IN FUND BALANCE</b>	1,892,719
<b>FUND BALANCE, JANUARY 1</b>	<u>5,137,473</u>
<b>FUND BALANCE, DECEMBER 31</b>	<u><u>\$ 7,030,192</u></u>

**COMMUNITY AND CHILDREN'S RESOURCE BOARD**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE OF THE**  
**GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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Net Change In Fund Balance - Governmental Fund	\$ 1,892,719
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which current year depreciation and amortization (\$22,933) exceeded capital outlays over the capitalization threshold (\$9,614).	(13,319)
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Under the modified accrual basis of accounting used in the governmental fund financial statements, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The changes are:

Principal paid on lease payable	13,175
Compensated absences payable	1,946
	1,946

Change In Net Position Of Governmental Activities	\$ 1,894,521
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# **COMMUNITY AND CHILDREN'S RESOURCE BOARD**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The **COMMUNITY AND CHILDREN'S RESOURCE BOARD** (CCRB), which began operations after the passing of Proposition 1 in November 2004, is a political subdivision duly organized under the laws of the State of Missouri. CCRB operates under the direction of an appointed Board of Directors. CCRB was formed for the purpose of administering a children's mental health system for St. Charles County, Missouri residents. Funding is provided through a 1/8 of 1-cent St. Charles County, Missouri sales tax that went into effect in April of 2005.

The more significant accounting policies consistently applied by CCRB in the preparation of the accompanying financial statements are summarized below:

#### **1. Reporting Entity**

The financial statements of CCRB include the financial activities of CCRB and any component units, entities which are financially accountable to CCRB. CCRB does not currently have any component units.

#### **2. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental fund. The major individual governmental fund is reported in the fund financial statements.

#### **3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, CCRB considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred.

CCRB reports the following major governmental fund:

**General Fund** -- The General Fund accounts for all activities except those accounted for in another fund.

#### 4. Cash and Investments

State statutes authorize CCRB to invest in obligations of U.S. Treasury, federal agencies, commercial paper, corporate bonds, and repurchase agreements, CCRB participates in an external investment pool as more fully described in Note B.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

#### 5. Capital Assets/Intangible Assets

Capital assets, which include equipment, furniture, and office building, are reported in the government-wide financial statements. Capital assets are defined by CCRB as assets with an initial cost of more than \$500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## NOTES TO FINANCIAL STATEMENTS

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### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 5. Capital Assets/Intangible Assets (Continued)

Depreciation and amortization is being computed on the straight-line method using asset lives as follows:

Assets	Years
Office equipment	5 - 10
Office furniture	5 - 10
Office building	4

Intangible assets represent CCRB's right-to-use leased assets. These intangible assets, as defined by GASB Statement No. 87, *Leases*, are for lease contracts of nonfinancial assets including vehicles and equipment.

#### 6. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires CCRB to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

#### 7. Fund Balance/Net Position

The fund balance amounts are reported in the following applicable categories listed from the most restrictive to the least restrictive.

**Nonspendable** -- The portion of fund balance that is not in a spendable form or is required to be maintained intact.

**Restricted** -- The portion of fund balance that is subject to external restrictions and constrained to specific purposes imposed by agreement, through constitutional provisions, or by enabling legislation.

**Committed** -- The portion of fund balance with constraints or limitations by formal action of the Board of Directors, the highest level of decision-making authority.

**Assigned** -- The portion of fund balance that CCRB intends to use for a specific purpose as determined by the applicable CCRB officials to which the Board of Directors has designated authority.

**Unassigned** -- Amounts that are available for any purpose; these positive amounts are reported only in the General Fund.

# **COMMUNITY AND CHILDREN'S RESOURCE BOARD**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **7. Fund Balance/Net Position (Continued)**

When both restricted and unrestricted resources are available, CCRB will spend the most restricted amounts before the least restricted.

The fund balance of CCRB's General Fund has been accumulated to provide stability and flexibility to respond to unexpected adversity and/or opportunities. The target is to maintain a fund balance of not less than 25% of total annual revenue.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. Net investments in capital assets represents the book value of capital assets less any outstanding long-term debt issued to acquire or construct the capital assets.

#### **8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

### **NOTE B - CASH AND INVESTMENTS**

CCRB's deposits with financial institutions may be collateralized in an amount at least equal to the uninsured deposits. As of December 31, 2022, CCRB's amount recorded on its books and bank deposits totaled \$76,058 and \$78,604, respectively. The bank balances were covered by Federal Deposit Insurance Corporation in the amount of \$140,790.

CCRB participates in an external investment pool program operated by St. Charles County, Missouri (the County) and available to other government and nonprofit entities operating within the County. Interest is allocated to CCRB based on month-end balances. The investment pool maintains investments consisting of repurchase agreements, mortgage-backed securities, municipal bonds, and certificates of participation, and is carried at fair value. As of December 31, 2022, CCRB's investments in the County's investment pool totaled \$5,782,127.

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## NOTES TO FINANCIAL STATEMENTS

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### NOTE B - CASH AND INVESTMENTS (Continued)

CCRB's investment guidelines are as follows:

**Credit Risk** is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. CCRB's credit risk is subject to maintaining investments with St. Charles County, Missouri.

**Interest Rate Risk** is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. CCRB interest rate risk is subject to maintaining investments with St. Charles County, Missouri.

**Custodial Credit Risk** is the risk that, in the event of the failure of the counterparty to a transaction, CCRB will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. CCRB custodial credit rate risk is related to investments with St. Charles County, Missouri.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of CCRB investment in a single issuer. CCRB's concentration of credit rate risk is related to investments with St. Charles County, Missouri.

CCRB classifies its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for those securities; Level 2 inputs are significant other observable inputs using a matrix pricing technique; and Level 3 inputs are significant unobservable inputs. The inputs and methodologies used for valuing investment securities are not necessarily an indication of risk associated with investing in those securities. CCRB's fair value level measurements as of December 31, 2022 were at the Level 2 rating.

### NOTE C - CAPITAL ASSETS

Capital assets activity was as follows:

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## NOTES TO FINANCIAL STATEMENTS

### NOTE C - CAPITAL ASSETS (Continued)

	For The Year Ended December 31, 2022			
	Balance			Balance
	December 31			December 31
	2021	Additions	Reductions	2022
Tangible capital assets				
being depreciated:				
Office equipment	\$ 24,083	-	-	24,083
Office furniture	16,832	9,614	-	26,446
Total Capital				
Assets Being				
Depreciated	40,915	9,614	-	50,529
Intangible assets being				
amortized:				
Building	104,652	-	-	104,652
Less - Accumulated				
depreciation	40,115	508	-	40,623
Less - Accumulated				
amortization	-	22,425	-	22,425
Total Capital				
Assets, Net	\$ 105,452	32,547	-	92,133

Depreciation and amortization expense for the year ended December 31, 2022 was \$22,933 and included in the administration expense category on the statement of activities.

The capital assets amount at December 31, 2021 were increased by \$104,652 related to certain prior year capital assets and the implementation of GASB Statement No. 87, *Leases*.

### NOTE D - PENSION PLAN

CCRB has a SEP IRA defined contribution plan that covers all employees after one year of employment which was established by Board of Directors in 2006. Contributions are based on 6% of the employee's annual salary and are immediately vested for eligible contributions. Pension expense for the year ended December 31, 2022 was \$13,668.

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## NOTES TO FINANCIAL STATEMENTS

### NOTE E - LONG-TERM DEBT

A summary of changes in long-term debt is as follows:

	For The Year Ended December 31, 2022			Amount Due Within One Year
	Balance December 31 2021	Additions	Reductions	Balance December 31 2022
Leases	\$ 104,652	-	13,175	91,477
Compensated absences	6,515	27,289	29,235	4,569
Total	<u>\$ 111,167</u>	<u>27,289</u>	<u>42,410</u>	<u>96,046</u>

CCRB grants vacation to all employees at a rate based on years of experience on the employees' annual start date. A maximum of 240 hours of vacation leave may be accumulated by each employee.

The long-term debt amounts at December 31, 2021 were increased by \$104,652 related to certain prior year lease liabilities and the implementation of GASB Statement No. 87, *Leases*.

CCRB entered into a lease agreement for office space which extends through August 2026 with payments of approximately \$2,200 to \$2,300 monthly. The total intangible right-to-use asset acquired under this agreement was \$104,652.

The following is a schedule of the principal and interest requirements for the lease liability:

For The Years Ending December 31	Principal	Interest	Total
2023	\$ 23,583	3,141	26,724
2024	24,544	2,180	26,724
2025	25,912	1,172	27,084
2026	17,438	618	18,056
Total	<u>\$ 91,477</u>	<u>7,111</u>	<u>98,588</u>

### NOTE F - COMMITMENTS AND CONTINGENCIES

CCRB has contractual agreements to provide service funding to multiple area agencies amounting to approximately \$12.9 million for the two years ending December 31, 2023.

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## NOTES TO FINANCIAL STATEMENTS

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### NOTE G - RISK MANAGEMENT

CCRB carries commercial insurance for its risks of loss, including liability insurance. Health insurance is provided by a third-party insurance company. During the past three years, there have been no settled claims resulting from these risks and therefore, the claims have not exceeded commercial insurance coverage accordingly.

### NOTE H - CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 2022, CCRB implemented GASB Statement No. 87, *Leases*. With the implementation, the District is required to record the beginning net position of intangible capital assets and lease liabilities.

The beginning net position has been restated to reflect the new guidance as follows:

Beginning net position, as previously reported	<u>\$ 5,131,758</u>
Lease right-to-use asset	104,652
Lease liability	<u>(104,652)</u>
Total Net Restatement	<u>-</u>
Beginning Net Position, As Restated	<u><u>\$ 5,131,758</u></u>

### NOTE I - NEW PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by CCRB. The Statements which might impact CCRB are as follows:

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for the year ending December 31, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement: 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset--an intangible asset--and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for or the year ending December 31, 2023.



# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## NOTES TO FINANCIAL STATEMENTS

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### NOTE I - NEW PRONOUNCEMENTS (Continued)

- GASB Statement No. 99, *Omnibus 2022*, addresses a variety of topics including: Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to: a) the determination of the public-private and public-public partnership (PPP) term and b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); disclosures related to non-monetary transactions; pledges of future revenues when resources are not received by the pledging government; clarification of provisions in Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*, as amended, related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and terminology used in Statement 53 to refer to resource flows statements. This statement is effective upon issuance for requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63. The effective date for the requirements related to leases, PPPs, and SBITAs is the fiscal year ending December 31, 2023. The effective date for the requirement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 is the fiscal year ending December 31, 2024.
- GASB Statement No. 100, *Accounting Changes and Error Corrections--an amendment of GASB Statement No. 62*, enhances accounting and financial reporting requirement for accounting changes and error corrections. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also addresses corrections of errors in previously issued financial statements. This Statement requires that: a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement

# COMMUNITY AND CHILDREN'S RESOURCE BOARD

## NOTES TO FINANCIAL STATEMENTS

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### NOTE I - NEW PRONOUNCEMENTS (Continued)

requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). This Statement is effective for the fiscal year ending December 31, 2024.

- GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for: 1) leave that has not been used and 2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if: a) the leave is attributable to services already rendered, b) the leave accumulates, and c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences--including parental leave, military leave, and jury duty leave--not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as it is identified as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. This Statement is effective for the fiscal year ending December 31, 2024.

**COMMUNITY AND CHILDREN'S RESOURCE BOARD**  
**REQUIRED SUPPLEMENTAL INFORMATION**

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**REQUIRED SUPPLEMENTAL INFORMATION SECTION**

**COMMUNITY AND CHILDREN'S RESOURCE BOARD**  
**REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE**  
**OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Budgeted Amounts</b>			<b>Over (Under) Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Sales tax	\$ 9,300,000	9,300,000	9,758,461	458,461
Refund of taxes	(24,000)	(24,000)	(33,402)	9,402
Total Sales Tax	9,276,000	9,276,000	9,725,059	449,059
Investment income	18,000	18,000	77,561	59,561
Other	600	600	4,492	3,892
Total Revenues	9,294,600	9,294,600	9,807,112	512,512
<b>EXPENDITURES</b>				
Children's services funded:				
Children's services funded	10,557,753	10,917,670	7,447,943	(3,469,727)
Current:				
Salaries and benefits	331,100	331,100	313,028	(18,072)
Donations to charities	600	600	639	39
Insurance	5,800	5,800	7,354	1,554
Administrative	1,200	1,200	4,143	2,943
Memberships	1,200	1,200	1,060	(140)
Payroll taxes	18,800	18,800	18,361	(439)
Professional services	63,980	63,980	70,909	6,929
Other/contingency	7,900	7,900	400	(7,500)
Supplies, printing, and postage	5,000	5,000	10,665	5,665
Telephone communication services	4,100	4,100	3,079	(1,021)
Training	29,600	19,200	50	(19,150)
Travel and meals	3,500	3,500	5,578	2,078
Web management	1,800	1,800	2,694	894
Capital outlay	3,500	13,900	11,426	(2,474)
Debt service:				
Principal	13,175	13,175	13,175	-
Interest	4,825	4,825	3,889	(936)
Total Expenditures	11,053,833	11,413,750	7,914,393	(3,499,357)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (1,759,233)</u>	<u>(2,119,150)</u>	1,892,719	<u>4,011,869</u>
FUND BALANCE, JANUARY 1			<u>5,137,473</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 7,030,192</u>	

**COMMUNITY AND CHILDREN'S RESOURCE BOARD**  
**REQUIRED SUPPLEMENTAL INFORMATION - NOTES TO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGE IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**Budgetary Data**

CCRB follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The proposed budget is submitted to the Board of Directors prior to the fiscal year. The operating budget includes proposed expenditures and means of financing them.
- b. The budget is adopted by the Board of Directors prior to the beginning of the fiscal year.
- c. Budget amendments are approved by the Board of Directors.
- d. All annual appropriations lapse at fiscal year-end.

**INTERNAL CONTROL AND COMPLIANCE SECTION**

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**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**

The Board of Directors  
**COMMUNITY AND CHILDREN'S RESOURCE BOARD**

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 the governmental activities and the major fund information of the **COMMUNITY AND CHILDREN'S RESOURCE BOARD** (CCRB), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise CCRB's basic financial statements, and have issued our report thereon dated July 26, 2023.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered CCRB's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCRB's internal control. Accordingly, we do not express an opinion on the effectiveness of CCRB'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 CCRB'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 or significant deficiencies may exist that have not been identified.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether CCRB'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 financial statements. 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*.

## **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 CCRB's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCRB's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Sikich LLP*

St. Louis, Missouri  
July 26, 2023