

**COSERV CHARITABLE FOUNDATION**

**CORINTH, TEXAS**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**LUBBOCK, TEXAS**

**COSERV CHARITABLE FOUNDATION**

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**COSERV CHARITABLE FOUNDATION  
CORINTH, TEXAS**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**TABLE OF CONTENTS**

	<u>Page Number</u>
Independent Auditor's Report	1
Statements of Financial Position	3
Statements of Activities and Change in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**LUBBOCK, TEXAS 79423-1954**

**Independent Auditor's Report**

Board of Directors  
CoServ Charitable Foundation  
Corinth, Texas

We have audited the accompanying financial statements of CoServ Charitable Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CoServ Charitable Foundation as of December 31, 2017 and 2016, and the results of their operation and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

April 5, 2018

**COSERV CHARITABLE FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016**

**ASSETS**

	December 31,	
	<u>2017</u>	<u>2016</u>
Cash - General	\$ <u>243,063</u>	\$ <u>461,655</u>
Total Assets	\$ <u><u>243,063</u></u>	\$ <u><u>461,655</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities	\$ <u>12,000</u>	\$ <u>15,385</u>
Unrestricted Net Assets	\$ <u>231,063</u>	\$ <u>446,270</u>
Total Liabilities and Net Assets	\$ <u><u>243,063</u></u>	\$ <u><u>461,655</u></u>

The accompanying notes are an integral part of these financial statements.

**COSERV CHARITABLE FOUNDATION**

**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	December 31,	
	<u>2017</u>	<u>2016</u>
<b>SUPPORT AND REVENUE</b>		
Contributions - Operation Roundup	\$ 1,010,704	\$ 937,304
Contributions - Golf Fundraisers	61,079	52,070
Contributions - Other	84,477	62,284
Total Support and Revenue	<u>\$ 1,156,260</u>	<u>\$ 1,051,658</u>
<b>EXPENSE</b>		
Grant Expense	<u>\$ 1,371,467</u>	<u>\$ 1,035,560</u>
Total Expense	<u>\$ 1,371,467</u>	<u>\$ 1,035,560</u>
Change in Net Assets	\$ (215,207)	\$ 16,098
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>446,270</u>	<u>430,172</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u><u>\$ 231,063</u></u>	<u><u>\$ 446,270</u></u>

The accompanying notes are an integral part of these financial statements.

**COSERV CHARITABLE FOUNDATION**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	December 31,	
	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (215,207)	\$ 16,098
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Other Current and Accrued Liabilities	(3,385)	4,125
Net Cash Provided by (Used in) Operating Activities	<u>\$ (218,592)</u>	<u>\$ 20,223</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (218,592)</b>	<b>\$ 20,223</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>461,655</u>	<u>441,432</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 243,063</u></u>	<u><u>\$ 461,655</u></u>
<b>SUPPLEMENTAL DISCLOSURES FOR CASH FLOW INFORMATION</b>		
Cash Paid During the Year for:		
Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>
Interest	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these financial statements.



-6-  
**COSERV CHARITABLE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

**Nature of Activities**

The purpose of CoServ Charitable Foundation (the Foundation), is the accumulation and disbursement of funds for charitable purposes primarily in, but not limited to, the service area of Denton County Electric Cooperative, Inc., d/b/a CoServ Electric (the Cooperative) and CoServ Gas, L.P. (Gas). Upon dissolution of the Foundation, any remaining funds shall be distributed for charitable purposes.

The Foundation is a non-profit organization. Exemption from federal income taxes under Internal Revenue Code 501(c)(3) has been obtained.

**Basis of Accounting**

The Foundation uses the accrual method of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

**Financial Statement Presentation**

Financial statement presentation follows the requirements of accounting principles generally accepted in the United States of America, which requires the Foundation to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. All net assets of the Foundation are classified as unrestricted.

**Group Concentration of Credit Risk**

The Foundation maintains both non-interest and interest bearing accounts at FDIC insured institutions and at times deposits exceeded the insured amounts.

**Contributions**

The Foundation also follows accounting principles generally accepted in the United States of America that require the recognition of contributions when they are pledged.

**Cash and Cash Equivalents**

For purpose of the statement of cash flows, cash and cash equivalents include cash – general.

**Uncertain Tax Positions**

The Foundation has adopted the “uncertain tax positions” provisions of accounting principles generally accepted in the United States of America. The primary tax position of the Foundation is its filing status as a tax exempt entity. The Foundation determined that it is more likely than not that its tax positions will be sustained upon examination by the Internal Revenue Service (IRS), or other State taxing authorities. The Foundation is no longer subject to examinations by federal taxing authorities for years before 2014. There were no penalties or interest recognized during the years ended December 31, 2017 and 2016.

**COSERV CHARITABLE FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**

**2. Contributions**

The major source of contributions is from a program established by the Board of Directors of the Cooperative and Gas which allows participating members/customers to round up their utility bills to the next highest dollar. The funds generated by this participation are donated to the Foundation. The boards of the Cooperative and Gas have designated these funds be used for charitable purposes solely in the service area of the Cooperative and Gas, which is primarily a six county area including and surrounding Denton County, Texas.

**3. Related Party Transactions**

The Foundation and the Cooperative share employees and office space, but are not financially interrelated organizations. Cooperative employees maintain the financial records of the Foundation at no charge. Additionally, all general and administrative expenses of the Foundations are provided by the Cooperative. The value of these services is not recognized by the Foundation. The Board of Directors of the Foundation are elected by the Board of the Cooperative. Transactions impacting the Foundation, Cooperative, and Gas include the collection and transfer of contributions from members and employees of the Cooperative and Gas.

**4. Subsequent Events**

The Foundation has evaluated subsequent events through April 5, 2018, the date which the financial statements were available to be issued.