

THE TEXAS HILL COUNTRY HIGHER EDUCATION DEVELOPMENT FOUNDATION
(a non-profit organization)
FREDERICKSBURG, TEXAS
YEAR ENDED DECEMBER 31, 2019

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NEFFENDORF & KNOPP, P.C.

Certified Public Accountants

P.O. BOX 874 • 736 S. WASHINGTON ST.

FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

FAX: (830) 997-3333

email: info@nkpcpa.com

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
TEXAS SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Texas Hill Country Higher Education Development Foundation
Fredericksburg, TX

We have audited the accompanying financial statements of The Texas Hill Country Higher Education Development Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities & functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Texas Hill Country Higher Education Development Foundation as of December 31, 2019, 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.

Neffendorf & Knopp, PC

NEFFENDORF & KNOPP, PC

November 12, 2020

THE TEXAS HILL COUNTRY HIGHER EDUCATION DEVELOPMENT FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS

Current Assets

Cash on Hand and in Bank	
With Donor Restrictions	\$ 18,995
Without Donor Restrictions	25,873
Cash in Savings	
With Donor Restrictions	57,594
Without Donor Restrictions	-
Investments	
With Donor Restrictions	716,013
Without Donor Restrictions	1,047,367
Total Current Assets	\$ 1,865,842

Property and Equipment

Buildings	\$ 6,515,170
Furniture and Equipment	544,271
Total Property and Equipment	\$ 7,059,441
Loss: Accumulated Depreciation	(2,305,381)
Property and Equipment, Net	\$ 4,754,060

Other Assets

Student Loans Receivable with Donor Restrictions	\$ 26,148
Less: Allowance for Loan Loss	(6,537)
Student Loans, Net	\$ 19,611
Prepaid Expenses	3,033
Total Other Assets	\$ 22,644

TOTAL ASSETS **\$ 6,642,546**

LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable	\$ 6,335
Credit Cards Payable	1,933
Payroll Taxes Payable	1,915
Unearned Revenue	6,700
Total Liabilities	\$ 16,883

Net Assets

Net Assets with No Donor Restrictions	\$ 5,809,012
Net Assets with Donor Restrictions	816,651
Total Net Assets	\$ 6,625,663

TOTAL LIABILITIES AND NET ASSETS **\$ 6,642,546**

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

THE TEXAS HILL COUNTRY HIGHER EDUCATION DEVELOPMENT FOUNDATION
STATEMENT OF ACTIVITIES & FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 266,378	\$	\$ 266,378
Dividend and Interest Income	24,436	17,112	41,548
Gain(Loss) on Investments	16,190	3,443	19,633
Rent Income	96,140		96,140
Total Revenues, Gains and Other Support	\$ 403,144	\$ 20,555	\$ 423,699
Net Assets Released from Restrictions			
Total	\$ 403,144	\$ 20,555	\$ 423,699
Expenses			
Program Services			
Advertising	\$ 7,941	\$	\$ 7,941
Contracted Services Facilities	89,915		89,915
Depreciation	207,724		207,724
Executive Director Costs	36,153	12,756	48,909
Facilities Maintenance	15,537		15,537
Insurance	11,109		11,109
Other Contract Fees	14,235		14,235
Scholarships		30,443	30,443
Telephone and Internet	4,081		4,081
Utilities	52,494		52,494
Total Program Services Expense	\$ 439,189	\$ 43,199	\$ 482,388
Management and General			
Accounting Fees	\$ 11,405	\$ 2,286	\$ 13,691
Bank and Credit Card Fees	33		33
Executive Director Costs	36,153		36,153
Insurance	1,000		1,000
Meals	6,630		6,630
Office	13,368		13,368
Bad Debt		42,127	42,127
Investment Expenses	14,162	3,164	17,326
Other Expenses	2,000		2,000
Total Management and General Expense	\$ 84,751	\$ 47,577	\$ 132,328
Fundraising Expense			
Contract Fundraising	\$ 142,459	\$	\$ 142,459
Total Fundraising Expense	\$ 142,459	\$ -	\$ 142,459
Total Expenses	\$ 666,398	\$ 90,776	\$ 757,174
Change In Net Assets	\$ (263,254)	\$ (70,221)	\$ (333,475)
Other Change in Net Assets			
Decrease in Unrealized Gains	\$ 113,237	\$ 144,302	\$ 257,539
Net Assets - Beginning of Year	\$ 5,959,029	\$ 742,570	\$ 6,701,599
Net Assets - End of Year	\$ 5,809,012	\$ 816,631	\$ 6,625,663

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

THE TEXAS HILL COUNTRY HIGHER EDUCATION DEVELOPMENT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2019

<u>Cash Flow from Operating Activities</u>	
Change in Net Assets	\$ <u>(333,475)</u>
Adjustments to Reconcile	
Net Income to Net Cash:	
Depreciation	\$ 207,724
Appreciation on Investments	(61,181)
Decrease (Increase) in Assets:	
Pledges Receivable	12,875
Prepaid Expenses	(557)
Increase(Decrease) in Liabilities:	
Accounts Payable	(1,518)
Credit Cards Payable	1,371
Payroll Tax Payable	(3)
Unearned Revenue	<u>(35,927)</u>
Total Adjustments	\$ <u>122,784</u>
Net Cash Flow Provided by Operating Activities	\$ <u>(210,691)</u>
<u>Cash Flow from Investing Activities</u>	
Purchase of Investments Net Earnings	\$ 41,548
Proceeds from sales of investments	19,633
Transfer of Investment Assets to Cash	<u>65,115</u>
Net Cash Flow from Investing Activities	\$ <u>126,296</u>
<u>Cash Flow from Financing Activities</u>	
Collections of Loans Receivable	\$ 3,492
Write off of Non-Performing Loans	<u>42,127</u>
Net Cash Flow from Financing Activities	\$ <u>45,619</u>
Net Increase (Decrease) in Cash	\$ (38,776)
Cash & Temporary Investments, Beginning of Year	<u>83,644</u>
Cash & Temporary Investments, End of Year	\$ <u><u>44,868</u></u>

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

THE TEXAS HILL COUNTRY HIGHER EDUCATION DEVELOPMENT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Texas Hill Country Higher Education Development Foundation (the Organization) was incorporated in 2005. The Organization was formed to support the development and sustainability of public higher education opportunities in the Hill Country Region of Texas.

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions and Restricted and Unrestricted Revenue

Contributions are recognized as revenue when received or unconditionally promised. Contributions are measured at the fair value of the assets or services received or promised. The fair value of contributions arising from unconditional promises to give cash or other assets in one or more future years is measured (discounted) using a risk-adjusted rate of return appropriate for the expected term of the promise to give. The Organization had no unconditional promises during the year. Revenues from programs and special events are recognized when received. Revenues are classified as restricted support if they are received with donor stipulations that limit the use of the contributions. The Organization records contributions received as contributions with donor restrictions or contributions without donor restrictions, depending on the existence of and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restrictions.

Donated Property and Labor

Donated property, marketable securities and other non-cash donations are recorded as contributions at their estimated market value at the date of donation. Volunteers contribute time to the activities of the Organization without compensation. Unless the criteria for recognition of such volunteer effort under ASC 958-605-25-16 has been satisfied, the financial statements do not reflect the value of those contributed services because, although clearly beneficial, no reliable basis exists for determining an appropriate amount to be associated with certain volunteer services rendered. Contributed services are recognized according to when the services received create or enhance nonfinancial assets or require specialized skills that would need to be purchased if not provided by donation.

Investments and Investment Income

The Organization occasionally invests funds through an investment pool established by the Community Foundation of the Texas Hill Country and through Security State Bank and Trust, Trust Financial Services. These investments are carried at fair market value as determined by each entity.

Promises to Give

Promises to give are recorded as they are pledged.

Advertising

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. Advertising expense for the year ended December 31, 2019 was \$7,941.

Property and Equipment

Property and Equipment is capitalized for all acquisitions with a useful life estimated more than a year. Property and equipment are stated at cost. Depreciation is recorded using the straight-line method over a period of five to thirty-nine years. Depreciation expense for the year ended December 31, 2019 was \$207,724.

Maintenance and repairs are charged to expense as incurred, and significant renewals and betterments are capitalized. The Organization follows the practice of capitalizing at cost all expenditures for property and equipment in excess of \$500. Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

Building and Improvements	39 years
Infrastructure	20 years
Furniture and Equipment	5-10 years

Impairment of Long-Lived Assets

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down will be recorded to reduce the related asset to its estimated fair value. To date, no such write-downs have occurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is exempt from federal income tax under the Internal Revenue Code (IRC) Section 501(c)(3). The Organization is also exempt from state income taxes in the state of Texas under Sections 151.310, 156.102, and 171.062 of the Texas Tax Code. Therefore, no provision for income taxes is included in the financial statements. Provisions for income taxes on unrelated business income are made when required for income from non-exempt activities and paid during the year. The Organization believes that it has appropriate support for any income tax position taken. Therefore, management has not identified any uncertain income tax positions. As of December 31, 2019, the Organization has not recognized liabilities for uncertain tax position or associated interest and penalties. The Organization's federal exempt organization returns for the years ended December 31, 2019, and after, are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash equivalents include time deposits, and all highly liquid debt instruments with original maturities of three months or less which are not restricted for long-term purposes. Cash and cash equivalents as of December 31, 2019 are as follows:

Cash in Bank	\$ <u>44,868</u>
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Functional Allocation of Expenses

The costs of providing the client services, fund raising, and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program, fund raising and supporting services benefited.

Recent Accounting Pronouncements

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. This update makes several improvements to current reporting requirements that address complexities in the use of the currently required three classes of net assets and enhance required disclosures related to donor restrictions of net assets. The updated guidance will be effective for annual periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. The updated guidance will result in a change in the classes of net assets reported on the face of the statement of financial position from three classes (unrestricted, temporarily restricted and permanently restricted) to two classes (net assets without donor restrictions and net assets with donor restrictions). We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

NOTE 2 – FAIR VALUE MEASUREMENTS

The organization reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability's measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - ◆ quoted prices for similar assets or liabilities in active markets;
 - ◆ quoted prices for identical or similar assets in markets that are not active;
 - ◆ observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - ◆ inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are not available for many of the assets and liabilities that the organization is required to measure at fair value (for example, unconditional promises to give and collectability of loans receivable).

The primary uses of fair value measures in the Organization's financial statements are:

- ♦ initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give
- ♦ recurring measurement of short-term investments (Note 4)
- ♦ recurring measurement of endowment and long-term investments (Note 4)

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019 consist of cash, savings and investments, which consist of the following: Alice V. White Fund, to be used for pavers at the entrance of the university building, \$1,301, the Edwina Hall Scholarship Fund, to be used for scholarships paid to graduating seniors from Junction High School, \$75,289, and the Hill Country Student Help Fund to be used to help deserving students by awarding loans or scholarships, \$740,061.

NOTE 4 - INVESTMENTS

The funds of the Foundation, in excess of the amounts held in deposit accounts, consist of bank savings, an investment pool at the Community Foundation of the Texas Hill Country, and an account with Security State Bank - Trust Financial Services. The investments held at the Community Foundation and Security State Bank - Trust Financial Services are valued by those organizations. The activities in these accounts for the year ended December 31, 2019 are as follows:

	<u>Chase Bank Savings</u>	<u>Community Foundation of the Texas Hill Country</u>	<u>Security State Bank - Trust Financial Services</u>
Value, January 1, 2019	\$ 57,566	\$ 771,518	\$ 766,405
Deposits		-	-
Interest & Dividends	28	19,257	21,355
Realized Gain		15,552	6
Unrealized Gain		100,074	161,539
Withdrawals		(25,000)	(50,000)
Investment Fee	-	(13,149)	(4,176)
Value, December 31, 2019	<u>\$ 57,594</u>	<u>\$ 868,252</u>	<u>\$ 895,129</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment activity for the Foundation for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Buildings	\$ 6,515,170	\$ -	\$ -	\$ 6,515,170
Furniture and Equipment	544,271	-	-	544,271
Total Property & Equipment	\$ 7,059,441	\$ -	\$ -	\$ 7,059,441
Less Accumulated Depreciation	(2,097,657)	(207,724)	-	(2,305,381)
Property and Equipment, Net	\$ 4,961,784	\$ (207,724)	\$ -	\$ 4,754,060

NOTE 6 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2019, board members and staff contributed \$30,800 in support and revenue to the Organization. These contributions are 7% of the Organization's support and revenue for the year ended December 31, 2019.

NOTE 7 – CONCENTRATION OF RISK

The majority of the Organization's contributions and grants are received from individuals located in the Texas Hill Country. As such, the Organization's ability to generate resources via contributions and grants is dependent upon the economic health of the area and the State of Texas.

The Organization's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets by the Community Foundation of the Texas Hill Country and Security State Bank - Trust Financial Services, should mitigate the impact of changes in any one class.

The Organization maintains its cash balances in financial institutions. The balances on these accounts are insured by the Federal Deposit Insurance Corporation up to the legal maximum of \$250,000. The balance in these accounts can be in excess of the insured limit from time to time but was below the limit as of December 31, 2019.

NOTE 8 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of net position date, comprise the following:

Cash and Cash Equivalents	\$ 25,873
Investments	<u>1,047,367</u>
	<u>\$ 1,073,240</u>

As part of The Texas Hill Country Higher Education Development Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The policy is that monthly revenues are to cover monthly expenses. Monthly revenues and expenditures are deposited in and deducted from the Organization's operating accounts.

NOTE 9 - RENT INCOME

The Foundation has entered into two ongoing rental contracts. The two contracts are one year in duration and both expire August 31, 2020. The first contract is with Texas Tech University which pays the University Center \$5,000 per month. The second contract is with Central Texas College where the College's rental fee is one-third of each month's total utility fee paid to the City of Fredericksburg. The rent paid by these entities is \$60,000 and \$20,720 respectively. All other rent income is for daily use of various parts of the facility by multiple organizations. The Foundation has no long-term leases and all depreciable assets are used in these lease arrangements.

NOTE 10 - LOANS RECEIVABLE

Loans receivable are recorded at the original amount less any payments made. Loans that are currently performing are accruing interest at the stated rate. Loans which are not performing have been put on non-accrual. All loans are more than five years old. During 2018 and 2019, a collection effort was begun on these receivables. The finance committee has decided to record an uncollectability allowance of 25% on all performing loans. Non-performing loan balances in the amount of \$42,127 were written off to bad debt during the 2019 year. Balances on performing loans are shown below:

	<u>Performing Loans</u>
Loans Receivable at December 31, 2019	\$ 26,148
Allowance for Uncollectability	<u>(6,537)</u>
Total Net Loans Receivable	<u>\$ 19,611</u>

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 12, 2020, which is the date the financial statements were available to be issued. In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result of the declared outbreak, an economic downturn has had a significant impact on local and global economies. As a result of the pandemic, volatility in the market may negatively impact operations in 2020. There was no financial impact on the Organization's performance in 2019. The Organization is not aware of any other subsequent events that would materially impact the financial statements.

NEFFENDORF & KNOPP, P.C.
Certified Public Accountants

P.O. BOX 874 - 736 S. WASHINGTON ST.
FREDERICKSBURG, TEXAS 78624-0874
(830) 997-3348

FAX: (830) 997-3333
email: info@nkpcpa.com

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November 12, 2020

To the Board of Trustees of
The Texas Hill Country Higher Education Development Foundation
Fredericksburg, TX

We have audited the financial statements of The Texas Hill Country Higher Education Development Foundation for the year ended December 31, 2019, and we will issue our report thereon dated November 12, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted 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 October 13, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by The Texas Hill Country Higher Education Development Foundation 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 2019. We noted no transactions entered into by the Organization 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. The most sensitive estimate affecting the financial statements was:

Management's estimate of the loan losses for student loans receivable is based on the historical collection rate and current collection activity. We evaluated the key factors and assumptions used to develop the loan losses for student loans receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 November 12, 2020.

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 the Organization'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 the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

There were no other matters to report on in this audit.

This information is intended solely for the use of the Board of Trustees of The Texas Hill Country Higher Education Development Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Neffendorf + Knopp, PC

NEFFENDORF & KNOPP, PC