

**Brazos Valley Community Action
Programs 403(b) Plan**

College Station, Texas

Financial Statements and Supplemental Schedule

Year Ended June 30, 2019



Independent Auditor's Report

To the Plan Administrator
Brazos Valley Community Action Programs 403(b) Plan
College Station, Texas

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Brazos Valley Community Action Programs 403(b) Plan, which comprise the statements of net assets available for benefits as of June 30, 2019 and 2018, and the related statement of changes in net assets available for benefits for the year ended June 30, 2019, 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; 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 conducting the audits in accordance with auditing standards generally accepted in the United States. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by American United Life Insurance Company, the Custodian of the Plan, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the Custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the Custodian as of June 30, 2019 and 2018, and for the year ended June 30, 2019, that the information provided to the plan administrator by the Custodian is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of June 30, 2019, is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on this supplemental schedule.



Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Custodian, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Wipfli LLP

Wipfli LLP

March 6, 2020
Madison, Wisconsin

Brazos Valley Community Action Programs 403(b) Plan Statements of Net Assets Available for Benefits

June 30,	2019	2018
Assets:		
Investments, at fair value	\$ 1,643,537	\$ 1,490,683
Receivables:		
Participant contributions	5,095	5,946
Employer contributions	2,493	2,754
Notes receivable from participants	34,805	40,488
Total receivables	42,393	49,188
Net assets available for benefits	\$ 1,685,930	\$ 1,539,871

See accompanying notes to financial statements.

Brazos Valley Community Action Programs 403(b) Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended June 30,	2019
Additions:	
Investment income:	
Net appreciation in fair value of investments	\$ 91,408
Interest and dividends	2,256
Total investment income	93,664
Interest income on notes receivable from participants	2,181
Contributions:	
Participants	138,464
Employer	72,399
Total contributions	210,863
Total additions	306,708
Deductions:	
Benefits paid to participants	159,269
Administrative expenses	1,380
Total deductions	160,649
Net increase	146,059
Net assets available for benefits:	
Beginning of period	1,539,871
End of period	\$ 1,685,930

See accompanying notes to financial statements.

Brazos Valley Community Action Programs 403(b) Plan

Notes to Financial Statements

Note 1: Description of Plan

The following description of the Brazos Valley Community Action Programs 403(b) Plan (the "Plan") provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a participant-directed contribution plan established for a not-for-profit organization commonly known as a Code Section 403(b) savings plan. Brazos Valley Community Action Programs (the "Employer") is the plan sponsor and is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC). All employees who normally work more than 20 hours a week are allowed to participate in the Plan. Entry dates into the Plan are the first day of each month. In order to be eligible for Employer matching contributions, the participant must complete one year of service defined as twelve consecutive months of service and 1,000 hours with the Employer. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The Plan is intended to satisfy the requirements under Section 404(c) of ERISA and, therefore, provides that participants may choose to direct their contributions and/or all or part of their account balances among the Plan's investment alternatives.

Contributions

Each year, participants may contribute up to 100% of pretax annual compensation, as defined in the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans (rollover).

The Employer makes matching contributions equal to 100% of deferrals up to the following limits:

<u>Years of Service</u>	<u>Matching Percentage</u>
Up to 5 years	2%
6 to 10 years	3%
11 or more years	4%

Contributions are subject to certain Internal Revenue Service (IRS) limitations.

Brazos Valley Community Action Programs 403(b) Plan

Notes to Financial Statements

Note 1: Description of Plan (Continued)

Participant Accounts

Each participant's account is credited with the participant's contributions, Employer matching contributions, allocations of plan earnings (losses) and forfeitures of terminated participants' nonvested accounts. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant earnings, account balances, or specific participant transactions, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Employer contribution portion of their accounts plus actual earnings thereon is based on the elapsed time method, where participants are considered to have completed one year of service upon the completion of 1,000 hours of service at any time during 12 consecutive months. The Employer matching contributions vest according to the following schedule:

<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 1 year	0%
1 year	33%
2 years	66%
3 years	100%

Notes Receivable From Participants

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their account balance. The notes are secured by the balance in the participant's account and bear interest at a range of 4.25% - 6.00% which is commensurate with local prevailing rates as determined quarterly by the plan administrator. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits

In the event of retirement, death, disability, or termination of service, the vested balance of a participant's account is paid to the participant, either in a lump-sum or installment payments (for required minimum distributions only), or it may be rolled to another qualified retirement plan, as directed by the participant. The Plan's provisions also provide for in-service withdrawals in the event of financial hardship, as defined by the Plan, or upon reaching the age of 59 ½.

Brazos Valley Community Action Programs 403(b) Plan

Notes to Financial Statements

Note 1: Description of Plan (Continued)

Forfeitures

Plan forfeitures arise as a result of participants who terminate service with the Employer before becoming 100% vested in the Employer's contributions. These forfeitures may be used to pay administrative expenses or reduce Employer contributions. At June 30, 2019 and 2018, unallocated forfeitures from nonvested accounts totaled \$0. During the year ended June 30, 2019, \$636 of forfeited nonvested accounts were used to pay administrative expenses and \$132 were used to reduce Employer contributions.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Plan are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

Investment Valuation and Income Recognition

The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable From Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses have been recorded as of June 30, 2019 and 2018. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced and a benefit payment is recorded.

Payment of Benefits

Benefits are recorded when paid.

Brazos Valley Community Action Programs 403(b) Plan

Notes to Financial Statements

Note 2: Summary of Significant Accounting Policies (Continued)

Expenses

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Employer. Expenses that are paid by the Employer are excluded from these financial statements. Fees related to the administration of notes receivable from participants are charged directly to the participant's account and are included in administrative expenses. Investment-related expenses are allocated proportionately to plan participants based on their respective account balances and are included in net appreciation in fair value of investments.

Subsequent Events

The Plan has evaluated subsequent events through March 6, 2020, which is the date the financial statements were available to be issued.

Note 3: Fair Value Measurements

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority level; Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1); Level 3 inputs are unobservable and have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no Plan assets requiring the use of Level 3 inputs for the periods presented.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2019 and 2018.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-ended mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Stable value fund: Investments in the stable value fund are valued using a readily determinable fair value based on the fair value of the underlying securities in which the account is invested. The readily determinable fair value is used if the fair value per share is determined and published and is the basis for current transactions. There are currently no redemption restrictions or unfunded commitments on these investments.

Brazos Valley Community Action Programs 403(b) Plan

Notes to Financial Statements

Note 3: Fair Value Measurements (Continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's investment assets at fair value as of June 30, 2019 and 2018. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement:

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,490,167	\$ -	\$ -	\$ 1,490,167
Stable value fund	-	153,370	-	153,370
Total investment assets at fair value	\$ 1,490,167	\$ 153,370	\$ -	\$ 1,643,537

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,351,120	\$ -	\$ -	\$ 1,351,120
Stable value fund	-	139,563	-	139,563
Total investment assets at fair value	\$ 1,351,120	\$ 139,563	\$ -	\$ 1,490,683

Note 4: Information Prepared and Certified by Custodian

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Certain information disclosed in the accompanying financial statements and supplemental schedule, including investments and notes receivable from participants held at June 30, 2019 and 2018, and net appreciation in fair value of investments and interest and dividends for the year ended June 30, 2019, was obtained or derived from information supplied to the plan administrator and certified as complete and accurate by American United Life Insurance Company, the Custodian of the Plan.

Note 5: Plan Termination

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue their contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants would become 100% vested in their Employer contributions.

Brazos Valley Community Action Programs 403(b) Plan

Notes to Financial Statements

Note 6: Related-Party Transactions and Party-in-Interest Transactions

Certain plan investments are managed by American United Life Insurance Company, the Custodian as defined by the Plan, and therefore, these transactions qualify as party-in-interest transactions. Fees incurred and paid by the Plan for the administration of notes receivable from participants were \$1,380 for the year ended June 30, 2019. Certain legal and accounting fees and certain administrative expenses related to the maintenance of employee records are paid by the Employer.

Notes receivable from participants also qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules of ERISA.

Note 7: Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

Note 8: Tax Status

The Plan's terms have been drafted in reliance on the sample language provided by the IRS. The Plan is required to operate in conformity with the IRC to maintain the exclusion from tax for plan participants. The Plan's management believes the Plan is currently designed and operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income tax has been included in the Plan's financial statements.

Supplemental Schedule

Brazos Valley Community Action Programs 403(b) Plan

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

EIN #81-3036685 Plan #001

June 30, 2019

(a)	(b) Identity of Issuer Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
Stable Value Fund:				
*	American United Life Insurance Company	AUL Stable Value Account	**	\$ 153,370
Mutual Funds:				
	American Funds	Washington Mutual Fund	**	64,684
	Blackrock	Total Return Fund	**	8,144
	DFA	Emerging Markets	**	2,100
	DFA	US Large Company Fund	**	13,456
	TIAA-CREF	Lifecycle Target 2010 Fund	**	36,312
	TIAA-CREF	Lifecycle Target 2015 Fund	**	111,439
	TIAA-CREF	Lifecycle Target 2020 Fund	**	282,601
	TIAA-CREF	Lifecycle Target 2025 Fund	**	229,717
	TIAA-CREF	Lifecycle Target 2030 Fund	**	156,176
	TIAA-CREF	Lifecycle Target 2035 Fund	**	92,600
	TIAA-CREF	Lifecycle Target 2040 Fund	**	56,135
	TIAA-CREF	Lifecycle Target 2045 Fund	**	157,306
	TIAA-CREF	Lifecycle Target 2050 Fund	**	58,564
	TIAA-CREF	Lifecycle Target 2055 Fund	**	8,381
	TIAA-CREF	Lifecycle Target 2060 Fund	**	912
	Goldman Sachs	Small Cap Value Fund	**	4,152
	Goldman Sachs	International Equity Insights Fund	**	2,026
	Janus Henderson	Triton N Fund	**	73,279
	Vanguard	500 Index Fund	**	52,452
	Vanguard	Mid Cap Growth Index Fund	**	38,104
	Vanguard	Small Cap Index Fund	**	1,878
	Vanguard	US Growth Fund	**	39,749
	Total mutual funds		**	1,490,167
*	Participant Loans	Interest rates range between 4.25% - 6.00%	\$ 0	34,805
	Total			\$ 1,678,342

* Denotes party-in-interest.

** Investment is participant-directed; therefore, cost information may be omitted.

See Independent Auditor's Report.