

COURT APPOINTED SPECIAL
ADVOCATES OF TRAVIS COUNTY

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010
WITH PRIOR YEAR SUMMARIZED INFORMATION

COURT APPOINTED SPECIAL
ADVOCATES OF TRAVIS COUNTY

TABLE OF CONTENTS

| | |
|---|------|
| Independent Auditors' Report | 1 |
| Statement of Financial Position, with Prior Year Summarized Information | 2 |
| Statement of Activities, with Prior Year Summarized Information | 3 |
| Statement of Functional Expenses, with Prior Year Summarized Information | 4 |
| Statement of Cash Flows, with Prior Year Summarized Information | 5 |
| Notes to Financial Statements | 6-11 |
| Supplemental Schedules: | |
| Statement of Revenues and Expenses - Texas Court Appointed Special Advocates Grant | 12 |
| Statement of Revenues and Expenses - Victims of Crime Act Fund | 13 |

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Court Appointed Special
Advocates of Travis County
Austin, Texas

We have audited the accompanying statement of financial position of Court Appointed Special Advocates of Travis County (a non-profit organization) as of December 31, 2010, and the related statements of activities, cash flows, and functional expense for the year then ended. These financial statements are the responsibility of Court Appointed Special Advocates of Travis County's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated April 8, 2010, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Court Appointed Special Advocates of Travis County as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the financial statements of Court Appointed Special Advocates of Travis County taken as a whole. The accompanying Statement of Revenues and Expenses listed in the Supplemental Schedules section of the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of Court Appointed Special Advocates of Travis County. We have applied certain limited procedures, which consisted principally of inquiries of management regarding measurement and the presentation of the supplementary information. However, we did not audit this information and express no opinion on it.



John F. Lewis, P.C.
April 19, 2011

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF FINANCIAL POSITION, WITH PRIOR YEAR SUMMARIZED INFORMATION
DECEMBER 31, 2010

| | <u>2010</u> | <u>(Comparative Totals Only) 2009</u> |
|--|-------------------------|---|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 689,698 | \$ 515,230 |
| Pledges and other accounts receivable | 2,885 | 3,244 |
| Grants receivable | 295,028 | 218,362 |
| Prepaid expenses | <u>33,386</u> | <u>20,801</u> |
| Total Current Assets | <u>1,020,997</u> | <u>757,637</u> |
| Fixed Assets | | |
| Computer and furniture equipment | 58,790 | 69,165 |
| Less: accumulated depreciation | <u>(32,752)</u> | <u>(63,164)</u> |
| Total Fixed Assets | <u>26,038</u> | <u>6,001</u> |
| Other Assets | | |
| Lease deposit and HRA trust balance | 10,980 | 5,400 |
| Investments - long term | 17,595 | 14,242 |
| Cash and cash equivalents - restricted by capital campaign | <u>72,361</u> | <u>80,927</u> |
| Total Other Assets | <u>100,936</u> | <u>100,569</u> |
| TOTAL ASSETS | <u>\$ 1,147,971</u> | <u>\$ 864,207</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable | \$ 32,798 | \$ 14,259 |
| Compensated absences payable | 23,170 | 19,351 |
| Deferred revenue | <u>52,004</u> | <u>104,277</u> |
| Total Current Liabilities | <u>107,972</u> | <u>137,887</u> |
| Net Assets | | |
| Unrestricted | 503,398 | 396,923 |
| Unrestricted - Board designated | 439,240 | 248,470 |
| Temporarily restricted | <u>97,361</u> | <u>80,927</u> |
| Total Net Assets | <u>1,039,999</u> | <u>726,320</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,147,971</u> | <u>\$ 864,207</u> |

See accompanying notes to financial statements and independent auditors' report

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF ACTIVITIES, WITH PRIOR YEAR SUMMARIZED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010

| | Unrestricted | Temporarily Restricted | Total 2010 | (Comparative Totals Only) 2009 |
|--|--------------|---------------------------|---------------|--------------------------------------|
| PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS | | | | |
| Public Support and Revenues | | | | |
| Government contracts | \$ 915,199 | \$ - | \$ 915,199 | \$ 552,671 |
| Grants | 625,194 | - | 625,194 | 521,156 |
| Contributions - cash | 274,061 | 25,000 | 299,061 | 393,169 |
| Special events fundraising, less direct expenses of \$114,859 in 2010 and \$104,458 in 2009 | 357,015 | - | 357,015 | 303,469 |
| In-kind donations | 10,952 | - | 10,952 | 3,238 |
| Interest income | 795 | 8 | 803 | 901 |
| Miscellaneous | 582 | - | 582 | 82 |
| Unrealized (loss)/gain on investments | (1,094) | - | (1,094) | 3,198 |
| Total Public Support and Revenues | 2,182,704 | 25,008 | 2,207,712 | 1,777,884 |
| Reclassifications | | | | |
| Net assets released by satisfaction of restrictions | 8,574 | (8,574) | - | - |
| TOTAL PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS | 2,191,278 | 16,434 | 2,207,712 | 1,777,884 |
| EXPENSES | | | | |
| Program | 1,534,046 | - | 1,534,046 | 1,241,914 |
| Management and general | 124,848 | - | 124,848 | 114,311 |
| Fundraising | 235,139 | - | 235,139 | 204,518 |
| TOTAL EXPENSES | 1,894,033 | - | 1,894,033 | 1,560,743 |
| Change in Net Assets | 297,245 | 16,434 | 313,679 | 217,141 |
| NET ASSETS, beginning of year | 645,393 | 80,927 | 726,320 | 509,179 |
| NET ASSETS, end of year | \$ 942,638 | \$ 97,361 | \$ 1,039,999 | \$ 726,320 |

See accompanying notes to financial statements and independent auditors' report

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF FUNCTIONAL EXPENSES, WITH PRIOR YEAR SUMMARIZED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010

| | <u>Program</u> | <u>Administration</u> | <u>Fundraising</u> | <u>Total 2010</u> | <u>(Comparative Totals Only) 2009</u> |
|-------------------------------|---------------------|-----------------------|--------------------|-----------------------|---|
| EXPENSES: | | | | | |
| Salaries and wages | \$ 981,324 | \$ 73,988 | \$ 152,982 | \$ 1,208,294 | \$ 1,001,721 |
| Employee benefits | 146,743 | 11,064 | 22,876 | 180,683 | 147,978 |
| Payroll taxes | 73,970 | 5,577 | 11,531 | 91,078 | 75,679 |
| | <u>1,202,037</u> | <u>90,629</u> | <u>187,389</u> | <u>1,480,055</u> | <u>1,225,378</u> |
| Computer supplies and support | 25,970 | 1,626 | 7,439 | 35,035 | 29,768 |
| Contract services | 21,513 | 1,621 | 3,353 | 26,487 | 29,892 |
| Depreciation | - | 3,452 | - | 3,452 | 2,856 |
| Direct services | 22,231 | - | - | 22,231 | 21,902 |
| Insurance | 8,251 | 622 | 1,286 | 10,159 | 9,575 |
| Marketing | 23,589 | 1,777 | 3,677 | 29,043 | - |
| Occupancy | 108,501 | 8,176 | 16,912 | 133,589 | 111,458 |
| Other expenses | 18,870 | 1,578 | 2,197 | 22,645 | 18,480 |
| Postage and shipping | 6,127 | 459 | 1,912 | 8,498 | 7,711 |
| Printing and publications | 13,580 | 2,624 | 3,796 | 20,000 | 14,689 |
| Professional fees | - | 8,935 | - | 8,935 | 8,735 |
| Supplies | 11,025 | 670 | 3,855 | 15,550 | 12,453 |
| Telephone | 12,430 | 483 | 1,123 | 14,036 | 11,853 |
| Training | 3,353 | 1,280 | 477 | 5,110 | 4,474 |
| Travel | 56,569 | 916 | 1,723 | 59,208 | 51,519 |
| | <u>332,009</u> | <u>34,219</u> | <u>47,750</u> | <u>413,978</u> | <u>335,365</u> |
| | <u>\$ 1,534,046</u> | <u>\$ 124,848</u> | <u>\$ 235,139</u> | <u>\$ 1,894,033</u> | <u>\$ 1,560,743</u> |

See accompanying notes to financial statements and independent auditors' report

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF CASH FLOWS, WITH PRIOR YEAR SUMMARIZED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010

| | <u>2010</u> | <u>(Comparative Totals Only) 2009</u> |
|---|---------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 313,679 | \$ 217,141 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 3,452 | 2,856 |
| Unrealized loss/(gain) loss on investments | 1,094 | (3,198) |
| In-kind donation of investments | (4,446) | - |
| (Increase) Decrease in Operating Assets: | | |
| Decrease (Increase) in pledges and other accounts receivable | 358 | (3,244) |
| (Increase) in grants receivable | (76,666) | (177,095) |
| (Increase) in prepaid expenses | (12,585) | (6,210) |
| (Increase) in lease deposits and HRA trust balance | (5,581) | (5,400) |
| Increase (Decrease) in Operating Liabilities: | | |
| Increase (Decrease) in accounts payable | 18,539 | (4,114) |
| Increase (Decrease) in compensated absences payable | 3,819 | (192) |
| (Decrease) Increase in deferred revenue | <u>(52,273)</u> | <u>66,152</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>189,390</u> | <u>86,696</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of fixed assets | <u>(23,488)</u> | <u>(4,750)</u> |
| NET CASH USED BY INVESTING ACTIVITIES | <u>(23,488)</u> | <u>(4,750)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 165,902 | 81,946 |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>596,157</u> | <u>514,211</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 762,059</u> | <u>\$ 596,157</u> |
| Supplemental Disclosure: | | |
| Disposal of fully depreciated assets | <u>\$ 33,863</u> | <u>\$ -</u> |

See accompanying notes to financial statements and independent auditors' report

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Court Appointed Special Advocates of Travis County (hereafter referred to as CASA) is presented to assist in understanding CASA's financial statements. The financial statements and notes are representations of CASA's management who is responsible for their integrity and objectivity. These accounting policies and principles conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Activities

CASA is a non-profit corporation created in 1985 under the Texas Nonprofit Corporation Act. The primary purpose of CASA is to provide trained volunteers who advise the courts about the best interests of children whose home placement is being decided by the court, usually as a result of abuse or neglect.

CASA is supported primarily through grants, private donations, and fundraising events.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable. Expenditures are recorded in the accounting period incurred, if measurable.

Use of Estimates

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

Cash and Cash Equivalents

CASA considers all cash and other highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

Promises to Give

Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realized value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

CASA's accounts receivable are valued using an allowance for collectible accounts. Under this method, a provision for uncollectible accounts based on management estimate is charged to expense and the allowance account is increased. CASA's management considers all receivables to be 100% collectible as of December 31, 2010.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives. Any donated items are recorded at the fair value. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the period. Maintenance and repairs are charged to expense as incurred, and significant renewals and betterments are capitalized. CASA has a policy of only capitalizing depreciable assets purchased at or over \$2,000, expensing items falling below that amount. Depreciation is provided using the straight-line method over the estimated useful lives of the assets generally as follows:

| | |
|------------------------|-----------|
| Leasehold Improvements | 3-5 years |
| Equipment | 5-7 years |
| Furniture & Fixtures | 3-5 years |

Compensated Absences

CASA expenses vacation in the year earned. Upon termination, the employee is compensated for any accrued but unused vacation, not to exceed the maximum of 40 hours unless approved by the Executive Director.

Financial Statement Presentation

CASA reports under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-20, *Not-for-Profit Organizations*. Under FASB ASC 958-205-20, CASA is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted - Net assets that are not subject to any donor-imposed restriction or restricted by internal Board designation.

Temporarily restricted - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of CASA and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Permanently restricted - Net assets subject to donor-imposed stipulations that must be maintained permanently by CASA. CASA had no permanently restricted assets during the year.

In addition, the CASA is required to present a Statement of Cash Flows and a Statement of Functional Expenses.

Contributions

Under FASB ASC 958-605-25-2, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions that are reported as temporarily or permanently restricted support are reclassified to unrestricted net assets upon expiration of the time or purpose restriction. Contributions and grant restrictions that are satisfied in the year of receipt are reported as unrestricted revenue in the same year.

Donated Property and Services

Donated property and services are recorded at fair market value on the date of the donation as in-kind contributions if all qualifications for reporting have been met. CASA receives a significant amount of donated services from unpaid volunteers who assist in direct services, fund-raising, and special projects. CASA received 39,760 volunteer hours totaling an economic value of approximately \$828,996; additionally, a total of 360,325 miles were driven at an economic value of approximately \$180,163. The aforementioned volunteer hours and mileage value do not qualify for reporting in the financial statements of CASA, but are included as a voluntary disclosure in the notes to the financial statements to provide better understanding of the value received by its volunteers.

Functional Expenses

The expenses of CASA's various programs and supporting services have been reported on a functional basis. Certain expenses are allocated between program, supporting services and fund-raising based on estimates made by management. The estimates are reviewed periodically and the allocations revised by management, if necessary, to reflect changes in the activities of CASA.

Exchange Transactions

CASA considers all contracts and grants from government entities as fee for service exchange transactions and not as contributions. Therefore, revenue is recognized as earned and expenses reported as incurred.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

CASA is exempt under Section 501(c)(3) of the Internal Revenue Code from Federal Income Tax on income arising from its exempt purpose. CASA 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.

Reclassifications

Certain amounts in the 2009 financial statements may have been reclassified to conform to the 2010 presentation.

Summarized Financial Information

The accompanying financial statements include prior year summarized comparative information. Such information may not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America.

Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2009 from which the summarized information was derived.

NOTE B - PROPERTY AND EQUIPMENT

| | Balance <u>12/31/2009</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>12/31/2010</u> |
|--|------------------------------|------------------|------------------|------------------------------|
| Furniture and equipment | \$ 69,165 | \$ 23,489 | \$ (33,864) | \$ 58,790 |
| Changes to accumulated depreciation | <u>(63,164)</u> | <u>(3,452)</u> | <u>33,864</u> | <u>(32,752)</u> |
| Total Property and Equipment, Net of Accumulated Depreciation | <u>\$ 6,001</u> | <u>\$ 20,037</u> | <u>\$ -</u> | <u>\$ 26,038</u> |

NOTE C - TEMPORARILY RESTRICTED NET ASSETS

The following is a detail of the temporarily restricted net assets at December 31, 2010:

| | |
|-------------------------|------------------|
| Capital Campaign | \$ 72,361 |
| Restricted Contribution | <u>25,000</u> |
| Total | <u>\$ 97,361</u> |

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE D - AVAILABLE LINES OF CREDIT

During the year ended December 31, 2010, CASA maintained various revolving lines of credit totaling \$61,000, with variable interest rates of approximately 10%. The lines of credit exist in the form of individual credit cards held by certain members of management and staff. Each credit card has a set credit limit, with the outstanding monthly balances being paid in full by the due date.

NOTE E - FUTURE COMMITMENTS

CASA is obligated for various equipment and office space under an operating lease.

Future minimum lease payments for items under operating lease are as follows:

| | |
|-------------------------------------|-------------------|
| Year ending December 31, | |
| 2011 | \$ 115,520 |
| 2012 | 121,898 |
| 2013 | 125,585 |
| 2014 | 129,698 |
| 2015 | <u>100,907</u> |
| Total Future Minimum Lease Payments | <u>\$ 593,608</u> |

Rental expense totaled \$114,670 for the year ended December 31, 2010.

NOTE F - CONTINGENCIES

CASA participates in various federal and state financial assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives and regulatory authorities. The purpose of the audits is to ensure compliance with conditions relating to the granting of funds and other reimbursement regulations. Management believes that any liability for reimbursement which could arise as the result of these audits is not believed to be material to the financial position of CASA.

During the year ended December 31, 2010, CASA exceeded the Federal Deposit Insurance Corporation insured limit in total deposits. Management monitors these balances and has not experienced any losses on its deposits.

NOTE G - EMPLOYEE BENEFIT PLAN

CASA has a defined contribution plan (Simplified Employee Pension) covering eligible employees. Eligible employees at least 21 years of age and have provided one year of service. Under the plan, CASA contributes five percent (5%) of each eligible employee's salary. Contribution expenses incurred by CASA during the year ended December 31, 2010 was \$40,048.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE H - SUBSEQUENT EVENTS

Management has evaluated all other subsequent events for disclosure and/or recognition through the date of the *Independent Auditors' Report*, which is the date the financial statements were available to be issued.

Supplemental Schedules

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF REVENUES AND EXPENSES
TEXAS COURT APPOINTED SPECIAL ADVOCATES GRANT
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2010

Grant Name: Texas Court Appointed Special Advocates Grant

Grantor Name: Texas Office of the Attorney General

| | Period <u>Actual</u> |
|----------------------------------|--------------------------|
| Revenue | \$ <u>363,222</u> |
| Expenses: | |
| Salary and Fringe | 251,397 |
| Operating Expenses | <u>119,800</u> |
| Total Expenses | <u>371,197</u> |
| Excess of Revenues over Expenses | <u><u>\$ (7,975)</u></u> |

See independent auditors' report

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF REVENUES AND EXPENSES
VICTIMS OF CRIME ACT FUND
(UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2010

Grant Name: Victims of Crime Act Fund
Grantor Name: Texas Criminal Justice Division

| | Period Actual |
|----------------------------------|------------------------------|
| Revenue | \$ <u>170,235</u> |
| Expenses: | |
| Salary and Fringe | 145,013 |
| Operating Expenses | <u>25,222</u> |
| Total Expenses | <u>170,235</u> |
| Excess of Revenues over Expenses | \$ <u><u> -</u></u> |