

**COURT APPOINTED SPECIAL ADVOCATES
OF TRAVIS COUNTY**

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2004

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

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Montemayor & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Court Appointed Special Advocates of Travis County

INDEPENDENT AUDITOR'S REPORT

We have audited the statement of financial position of Court Appointed Special Advocates of Travis County (CASATC) as of June 30, 2004 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of CASATC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 CASATC at June 30, 2004, and the changes in its net assets and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of CASATC taken as a whole. The supplemental schedule is presented as required by Texas Court Appointed Special Advocates and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Montemayor & Associates, P.C.

16 September 2004
Austin, Texas

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COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2004

ASSETS

	<u>2004</u>	(Memorandum Only) <u>2003</u>
CURRENT ASSETS		
Cash	\$362,915	\$381,872
Grants receivable	166,905	110,641
Contributions receivable, net of allowance of \$10,578	<u>61,531</u>	<u>59,267</u>
	591,351	551,780
FIXED ASSETS	19,707	37,646
DEPOSIT	<u>4,489</u>	<u>4,489</u>
	<u>\$615,547</u>	<u>\$593,915</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Deferred revenue	\$27,719	\$18,076
Accounts payable	13,475	14,166
Accrued vacation	<u>8,628</u>	<u>6,803</u>
	<u>49,822</u>	<u>39,045</u>
NET ASSETS		
Unrestricted	360,974	368,775
Temporarily restricted	<u>204,751</u>	<u>186,095</u>
	<u>565,725</u>	<u>554,870</u>
	<u>\$615,547</u>	<u>\$593,915</u>

The accompanying notes are an integral part of this financial statement presentation.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2004

	2004			2003
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Memorandum only)</u>
REVENUE				
Grants	\$419,406	\$287,546	\$706,952	\$748,287
Contributed goods and services	545,993	0	545,993	586,164
Contributions	119,715	72,109	191,824	189,513
Fundraising events, net of expenses of \$56,230	237,498	0	237,498	172,949
Interest	1,234	0	1,234	3,574
Other revenue	17,011	0	17,011	22,341
Net assets released from donor restrictions	<u>340,999</u>	<u>(340,999)</u>	<u>0</u>	<u>0</u>
	<u>1,681,856</u>	<u>18,656</u>	<u>1,700,512</u>	<u>1,722,828</u>
EXPENSES				
Program services	1,514,547	0	1,514,547	1,525,294
Management and general	94,564	0	94,564	86,765
Fundraising	<u>80,546</u>	<u>0</u>	<u>80,546</u>	<u>102,080</u>
	<u>1,689,657</u>	<u>0</u>	<u>1,689,657</u>	<u>1,714,139</u>
CHANGE IN NET ASSETS	(7,801)	18,656	10,855	8,689
BEGINNING NET ASSETS	<u>368,775</u>	<u>186,095</u>	<u>554,870</u>	<u>546,181</u>
ENDING NET ASSETS	<u>\$360,974</u>	<u>\$204,751</u>	<u>\$565,725</u>	<u>\$554,870</u>

The accompanying notes are an integral part of this financial statement presentation.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2004

	2004			2003	
	Program Services	Management and General	Fundraising	Total	(Memorandum only)
Salaries	\$592,104	\$69,042	\$48,504	\$709,650	\$706,603
Employee benefits	76,819	10,993	6,873	94,685	86,499
Payroll taxes	<u>51,478</u>	<u>5,282</u>	<u>3,711</u>	<u>60,471</u>	<u>55,739</u>
	720,401	85,317	59,088	864,806	848,841
Direct services	346,855	0	0	346,855	314,502
Donated advertising	65,691	0	0	65,691	143,410
Supplies	98,662	1,170	2,112	101,944	110,713
Occupancy	102,627	3,489	4,258	110,374	100,344
Travel	77,655	210	516	78,381	64,034
Computer supplies and support	14,124	300	300	14,724	23,535
Training	4,660	0	0	4,660	22,305
Depreciation	18,255	0	0	18,255	20,741
Telephone	10,775	500	280	11,555	11,262
Postage and shipping	5,450	423	1,671	7,544	9,343
Other expenses	<u>49,392</u>	<u>3,155</u>	<u>12,321</u>	<u>64,868</u>	<u>45,109</u>
	<u>\$1,514,547</u>	<u>\$94,564</u>	<u>\$80,546</u>	<u>\$1,689,657</u>	<u>\$1,714,139</u>

The accompanying notes are an integral part of this financial statement presentation.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2004

	<u>2004</u>	(Memorandum Only) <u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$10,855	\$8,689
Depreciation	18,255	20,741
Change in contributions receivable	(2,264)	(14,119)
Change in grants receivable	(56,264)	52,002
Change in prepaid expenses	0	5,200
Change in accounts payable	(691)	10,316
Change in payroll taxes payable	0	(6,482)
Change in accrued vacation	1,825	156
Change in deferred revenue	<u>9,643</u>	<u>517</u>
	(18,641)	77,020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(316)</u>	<u>(10,609)</u>
NET CHANGE IN CASH	(18,957)	66,411
BEGINNING CASH	<u>381,872</u>	<u>315,461</u>
ENDING CASH	<u>\$362,915</u>	<u>\$381,872</u>

The accompanying notes are an integral part of this financial statement presentation.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION

Court Appointed Special Advocates of Travis County (CASATC) is a nonprofit organization incorporated in 1985 under the Texas Nonprofit Corporation Act. CASATC provides 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. CASATC obtains funds to fulfill its stated mission through grants, private donations, and fundraising events.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

CASATC uses the accrual basis method of accounting. Using this method of accounting, revenue and other support are reported when funds are considered earned, regardless of when cash is received. Amounts received before being earned are recorded as deferred revenue. Expenses are reported when obligations are incurred, regardless of when cash is disbursed.

FINANCIAL STATEMENT PRESENTATION

In compliance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, the organization reports 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, as applicable. NLCI has not received any permanently restricted net assets as of year end. In addition, the organization is required to present a statement of cash flows.

Unrestricted Net Assets

Unrestricted net assets result from operating revenues, unrestricted contributions and grants, and other unrestricted income, less expenses incurred in operations, to raise contributions and for administrative functions.

Temporarily Restricted Net Assets

The organization receives grants and contributions whose use is restricted by the donor. Resources with such stipulations that either expire by passage of time or can be fulfilled by actions of the organization are reported as temporarily restricted revenue. If their restrictions are not met within the reporting period, they are shown as temporarily restricted net assets. Net assets that were released from restriction during the year are reported as net assets released from restrictions and reported as transfers from temporarily restricted net assets to unrestricted net assets.

FIXED ASSETS

Fixed assets valued at \$1,000 or greater are capitalized at cost if purchased or fair value if donated. Depreciation is computed over the estimated useful service life of the asset (3-7 years) using the straight line method of computation.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ESTIMATES

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

ACCOUNTS RECEIVABLE

Accounts receivable includes amounts due to the organization under grants (grants receivable) and promises to give (contributions receivable). 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 increased.

MEMORANDUM ONLY COLUMNS

The 2003 columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with U.S. generally accepted accounting principles.

FUNCTIONAL ALLOCATION OF EXPENSES

CASATC allocates common costs between program services, management and general and fundraising by estimating the percentage of total labor spent on each category. The estimates are reviewed periodically and the allocations revised, if necessary, to reflect changes in the activities of the organization.

DONATED GOODS AND SERVICES

Goods donated were received for use in fundraising events or direct client services and are valued at an estimate of fair value at the date of donation. Volunteers provide advocacy services for abused children in court, as well as in educational, social and medical settings. Time donated by volunteers is valued at \$15.77 per hour and mileage related to the volunteer services is valued at \$0.31 per mile. The donated goods and services are reported as in-kind contributions and the in-kind expense is classified based on the nature of the transaction in the accompanying financial statements

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FEDERAL INCOME TAX STATUS

CASATC is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3) for income related to its exempt purpose.

NOTE 3: COMMITMENTS

CASATC is obligated on a lease for office equipment. Rental expense under this lease for the year ended June 30, 2004 was \$2,200. The future minimum lease payments required on the office equipment are:

Year Ended June 30,	
2005	\$5,280
2006	5,280
2007	5,280
2008	5,280
2009	<u>3,080</u>
	<u>\$24,200</u>

NOTE 4: FIXED ASSETS

Fixed assets consist of the following:

Furniture and equipment	\$163,850
Leasehold improvements	12,704
Accumulated depreciation	<u>(156,847)</u>
	<u>\$19,707</u>

NOTE 5: EMPLOYEE BENEFIT PLAN

CASATC provides a Simplified Employee Pension (SEP) Plan to its eligible employees. Eligible employees are at least 21 years of age and have provided one year of service. CASATC contributes 5% of an employee's annual salary excluding bonuses and employees vest immediately. Total contributions were \$26,276 for the year ended June 30, 2004.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 6: FDIC DISCLOSURE

CASATC's cash deposited with Bank of America exceeded the Federal Deposit Insurance Corporation limit by \$102,337 as of June 30, 2004. The company has not experienced any losses due to this concentration.

NOTE 7: CONDITIONAL GRANT

During fiscal year 2004, CASATC received a conditional grant in the amount of \$91,634, which is not included in revenue in the statement of activities in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. The donor stipulated that the grant is conditioned upon an additional 130 children receiving child advocacy services.

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Net assets are restricted for the following purposes:

Use in the program year ended June 30, 2005	\$151,086
Advocacy for children with educational needs	25,000
Child advocacy expansion	15,720
Salaries and printing	<u>12,945</u>
	<u>\$204,751</u>

NOTE 9: CONTRIBUTED GOODS AND SERVICES

CASATC received the following contributed goods and services which are recorded in revenue and expenses on the statement of activities during the year ended June 30, 2004:

Volunteer advocacy services (21,563 hours)	\$340,044
Advertising services	65,030
Volunteer mileage	56,367
Goods donated by volunteers	52,417
Gift certificates	<u>32,135</u>
	<u>\$545,993</u>

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENSES--
TEXAS COURT APPOINTED SPECIAL ADVOCATES GRANT**

YEAR ENDED JUNE 30, 2004

	<u>2004</u>	(Memorandum Only) <u>2003</u>
REVENUE		
Texas Court Appointed Special Advocates Grant	<u>\$148,132</u>	<u>\$73,432</u>
EXPENSES		
Salaries	52,767	39,573
Employee benefits	7,276	3,483
Payroll taxes	2,881	3,395
Rent	91,330	8,342
Supplies	1,665	3,304
Professional fees	2,958	6,369
Travel	2,402	4,030
Postage and shipping	2,780	4,696
Computer supplies	2,351	3,719
Telephone	2,225	5,504
Conference	1,278	0
Other	<u>395</u>	<u>7,785</u>
	<u>170,308</u>	<u>90,200</u>
EXPENSES FUNDED THROUGH OTHER SOURCES	<u>(\$22,176)</u>	<u>(\$16,768)</u>