

**COURT APPOINTED SPECIAL ADVOCATES  
OF TRAVIS COUNTY**

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2005

# 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 AUDITORS' REPORT

We have audited the statement of financial position of Court Appointed Special Advocates of Travis County (CASATC) as of June 30, 2005 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, 2005, 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.*

8 September 2005  
Austin, Texas

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**COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY**

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2005

ASSETS

	<u>2005</u>	Memorandum Only <u>2004</u>
<b>CURRENT ASSETS</b>		
Cash	\$572,625	\$362,915
Grants and other receivables, net of allowance of \$1,580	177,952	228,436
Unconditional promises to give	106,971	0
Prepaid expenses	<u>7,840</u>	<u>0</u>
	865,388	591,351
<b>LONG-TERM UNCONDITIONAL PROMISES TO GIVE</b>	24,906	0
<b>FIXED ASSETS</b>	9,669	19,707
<b>DEPOSIT</b>	<u>8,485</u>	<u>4,489</u>
	<u>\$908,448</u>	<u>\$615,547</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$29,924	\$13,475
Accrued liabilities	6,264	8,628
Deferred revenue	<u>10,575</u>	<u>27,719</u>
	<u>46,763</u>	<u>49,822</u>
<b>NET ASSETS</b>		
Unrestricted	529,971	360,974
Temporarily restricted	<u>331,714</u>	<u>204,751</u>
	<u>861,685</u>	<u>565,725</u>
	<u>\$908,448</u>	<u>\$615,547</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, 2005

	2005			2004
	Unrestricted	Temporarily Restricted	Total	Memorandum only
<b>REVENUE</b>				
Grants	\$345,206	\$631,479	\$976,685	\$706,952
Contributed goods and services	552,536	0	552,536	545,993
Contributions	63,243	271,427	334,670	191,824
Fundraising events, net of expenses of \$85,749	274,517	0	274,517	237,498
Interest	4,190	0	4,190	1,234
Other revenue	16,012	0	16,012	17,011
Net assets released from donor restrictions	<u>682,751</u>	<u>(682,751)</u>	<u>0</u>	<u>0</u>
	<u>1,938,455</u>	<u>220,155</u>	<u>2,158,610</u>	<u>1,700,512</u>
<b>EXPENSES</b>				
Program services	1,609,277	0	1,609,277	1,514,547
Management and general	123,510	0	123,510	94,564
Fundraising	<u>129,863</u>	<u>0</u>	<u>129,863</u>	<u>80,546</u>
	<u>1,862,650</u>	<u>0</u>	<u>1,862,650</u>	<u>1,689,657</u>
<b>CHANGE IN NET ASSETS</b>	<u>75,805</u>	<u>220,155</u>	<u>295,960</u>	<u>10,855</u>
<b>BEGINNING NET ASSETS, AS PREVIOUSLY REPORTED</b>	360,974	204,751	565,725	554,870
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>93,192</u>	<u>(93,192)</u>	<u>0</u>	<u>0</u>
<b>BEGINNING NET ASSETS, AS ADJUSTED</b>	<u>454,166</u>	<u>111,559</u>	<u>565,725</u>	<u>554,870</u>
<b>ENDING NET ASSETS</b>	<u>\$529,971</u>	<u>\$331,714</u>	<u>\$861,685</u>	<u>\$565,725</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, 2005

	2005			Total	2004
	Program Services	Management and General	Fundraising		Memorandum only
Salaries	\$647,938	\$86,077	\$50,731	\$784,746	\$709,650
Employee benefits	105,435	14,058	8,307	127,800	94,685
Payroll taxes	<u>50,767</u>	<u>6,769</u>	<u>4,000</u>	<u>61,536</u>	<u>60,471</u>
	804,140	106,904	63,038	974,082	864,806
Direct services	450,232	0	0	450,232	346,855
Donated advertising	58,260	0	0	58,260	65,691
Donated mileage	57,302	550	2,100	59,952	0
Supplies	9,460	526	526	10,512	101,944
Occupancy	102,711	3,313	4,418	110,442	110,374
Professional fees	26,832	1,491	1,491	29,814	0
Travel	26,441	303	3,600	30,344	78,381
Computer supplies and support	25,775	1,432	1,432	28,639	14,724
Training	7,086	0	0	7,086	4,660
Depreciation	12,541	0	0	12,541	18,255
Telephone	10,959	1,461	863	13,283	11,555
Printing & publications	4,884	0	4,884	9,768	0
Insurance	7,575	1,010	597	9,182	0
Postage and shipping	5,078	339	1,354	6,771	7,544
Other expenses	<u>0</u>	<u>6,181</u>	<u>45,561</u>	<u>51,742</u>	<u>64,868</u>
	<u>\$1,609,276</u>	<u>\$123,510</u>	<u>\$129,864</u>	<u>\$1,862,650</u>	<u>\$1,689,657</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, 2005

	<u>2005</u>	Memorandum Only <u>2004</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$295,960	\$10,855
Depreciation	12,541	18,255
Change in unconditional promises to give	(131,877)	0
Change in grants and other receivables	50,484	(58,528)
Change in prepaid expenses	(7,840)	0
Change in other	(3,996)	0
Change in accounts payable	16,449	(691)
Change in accrued liabilities	(2,364)	1,825
Change in deferred revenue	(17,144)	<u>9,643</u>
	212,213	(18,641)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(2,503)</u>	<u>(316)</u>
<b>NET CHANGE IN CASH</b>	209,710	(18,957)
<b>BEGINNING CASH</b>	<u>362,915</u>	<u>381,872</u>
<b>ENDING CASH</b>	<u>\$572,625</u>	<u>\$362,915</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. CASATC has not received any permanently restricted net assets as of year end. In addition, CASATC 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

CASATC 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 CASATC are reported as temporarily restricted revenue. 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.

#### 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 CASATC under grants (grants 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.

#### 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 realizable 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.

#### MEMORANDUM ONLY COLUMNS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with CASATC's financial statements for the year ended June 30, 2004, from which the summarized information was derived.

#### 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 CASATC.

**COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**DONATED GOODS AND SERVICES**

Goods donated were received for use in fundraising events or direct client services and are valued at estimate 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 its estimated fair value of \$15.77 per hour and mileage related to the volunteer services is valued at \$0.35 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.

**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: OPERATING LEASES**

CASATC is obligated on a lease for office space and equipment. Rental expense under these leases for the year ended June 30, 2005 was \$117,180. The future minimum lease payments required are:

Year Ended June 30,	
2006	\$91,041
2007	5,280
2008	5,280
2009	<u>3,080</u>
	<u>\$104,681</u>

**NOTE 4: PROMISES TO GIVE**

Unconditional promises to give at June 30, 2005, are as follows:

Receivable is less than one year	\$106,971
Receivable in one to five years	<u>24,906</u>
	<u>\$131,877</u>



**COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5: FIXED ASSETS**

Fixed assets consist of the following:

Furniture and equipment	\$105,568
Leaschold improvements	12,704
Accumulated depreciation	<u>(108,603)</u>
	<u>\$9,669</u>

**NOTE 6: 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 \$28,982 for the year ended June 30, 2005.

**NOTE 7: CONCENTRATION**

CASATC's cash deposited with Bank of America and Chase exceeded the Federal Deposit Insurance Corporation limit by \$96,668 as of June 30, 2005. CASATC has not experienced any losses due to this concentration.

**NOTE 8: TEMPORARILY RESTRICTED NET ASSETS**

Net assets are restricted for the following purposes:

Capital Campaign	\$271,427
Salaries and benefits	41,380
Personnel, mileage, training	<u>18,907</u>
	<u>\$331,714</u>

**COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

**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, 2005:

Volunteer advocacy services (23,166 hours)	\$365,331
Advertising services	57,485
Volunteer mileage	59,952
Goods donated by volunteers	67,143
Other	<u>2,625</u>
	<u>\$552,536</u>

**NOTE 10: PRIOR PERIOD ADJUSTMENT**

During the year CASATC discovered that beginning temporarily restricted net assets incorrectly included funds that should have been included in unrestricted net assets. A prior period adjustment was made to reclassify \$93,192 from beginning temporary restricted net assets to beginning unrestricted net assets. The error had no effect on the change in net assets.

**COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY**

**SUPPLEMENTAL STATEMENTS OF REVENUE AND EXPENSE-  
TEXAS COURT APPOINTED SPECIAL ADVOCATES GRANT**

YEAR ENDED JUNE 30, 2005

	<u>2005</u>	Memorandum Only <u>2004</u>
REVENUE		
Texas Court Appointed Special Advocates Grant	<u>\$165,053</u>	<u>\$148,132</u>
EXPENSES		
Salaries	36,833	52,767
Employee benefits	3,825	7,276
Payroll taxes	2,819	2,881
Rent	113,359	91,330
Supplies	3,814	1,665
Professional fees	4,500	2,958
Travel	82	2,402
Postage and shipping	3,513	2,780
Computer supplies	3,158	2,351
Telephone	12,067	2,225
Conference	1,095	1,278
Other	<u>1,185</u>	<u>395</u>
	<u>186,250</u>	<u>170,308</u>
EXPENSES FUNDED THROUGH OTHER SOURCES	<u>(\$21,197)</u>	<u>(\$22,176)</u>

See independent auditor's report.

**COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY**

**SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENSES-  
VICTIMS OF CRIME ACT GRANT (VOCA)**

YEAR ENDED JUNE 30, 2005

	<u>2005</u>
REVENUE	
Victims of Crime Act Grant (VOCA)	<u>\$96,385</u>
EXPENSES	
Salaries	145,894
Employee benefits	27,305
Payroll taxes	11,164
Travel	6,416
Conference	1,039
Other	<u>15</u>
	<u>191,833</u>
EXPENSES FUNDED THROUGH OTHER SOURCES	<u>\$(95,448)</u>