

**COURT APPOINTED SPECIAL ADVOCATES
OF TRAVIS COUNTY**

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2006

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

Table of Contents

Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9
Supplemental Statement of Revenue and Expenses-Texas Court Appointed Special Advocates Grant	10
Supplemental Statement of Revenue and Expenses-Victim of Crime Act Grant	11

Arturo Montemayor III
President



Pamela L. Hill
Shareholder

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, 2006 and the related statements of activities, functional expenses and cash flows for the year 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, 2006, and the changes in its net assets, functional expenses 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 schedules are presented as required by grantors and are 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.

29 September 2006
Austin, Texas

3001 SOUTH LAMAR BOULEVARD
SUITE 320
AUSTIN, TEXAS 78704
PHONE: 512.442.0380
FAX: 512.442.0817
www.montemayor.biz

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2006

ASSETS

	<u>2006</u>	Memorandum Only <u>2005</u>
CURRENT ASSETS		
Cash	\$292,426	\$572,625
Grants and other receivables, net of allowance of \$1,815	369,631	177,952
Unconditional promises to give	101,360	106,971
Prepaid expenses	<u>12,447</u>	<u>7,840</u>
	775,864	865,388
 LONG-TERM UNCONDITIONAL PROMISES TO GIVE	 26,683	 24,906
FIXED ASSETS	7,000	9,669
DEPOSIT	<u>0</u>	<u>8,485</u>
	<u>\$809,547</u>	<u>\$908,448</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$8,729	\$29,924
Accrued liabilities	13,729	6,264
Deferred revenue	<u>17,305</u>	<u>10,575</u>
	39,763	46,763
 NET ASSETS		
Unrestricted	446,470	529,971
Temporarily restricted	<u>323,314</u>	<u>331,714</u>
	769,784	861,685
	<u>\$809,547</u>	<u>\$908,448</u>

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

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2006

	2006			2005
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Memorandum only</u>
REVENUE				
Grants	\$319,012	\$367,937	\$686,949	\$885,368
Contributed goods and services	629,823	0	629,823	552,536
Contributions	220,912	158,000	378,912	425,987
Fundraising events, net of expenses of \$89,789	271,688	0	271,688	274,517
Interest	3,895	0	3,895	4,190
Other revenue	2,119	0	2,119	16,012
Net assets released from donor restrictions	<u>534,337</u>	<u>(534,337)</u>	<u>0</u>	<u>0</u>
	<u>1,981,786</u>	<u>(8,400)</u>	<u>1,973,386</u>	<u>2,158,610</u>
EXPENSES				
Program services	1,655,062	0	1,655,062	1,609,277
Management and general	183,443	0	183,443	123,510
Fundraising	<u>226,782</u>	<u>0</u>	<u>226,782</u>	<u>129,863</u>
	<u>2,065,287</u>	<u>0</u>	<u>2,065,287</u>	<u>1,862,650</u>
CHANGE IN NET ASSETS	(83,501)	(8,400)	(91,901)	295,960
BEGINNING NET ASSETS	<u>529,971</u>	<u>331,714</u>	<u>861,685</u>	<u>565,725</u>
ENDING NET ASSETS	<u>\$446,470</u>	<u>\$323,314</u>	<u>\$769,784</u>	<u>\$861,685</u>

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

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2006

	2006				2005
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$690,393	\$119,817	\$92,028	\$902,238	\$784,746
Employee benefits	119,678	20,797	15,953	156,428	127,800
Payroll taxes	<u>52,360</u>	<u>9,087</u>	<u>6,979</u>	<u>68,426</u>	<u>61,536</u>
	862,431	149,701	114,960	1,127,092	974,082
Donated services and goods	373,212	1,118	76,038	450,368	450,232
Donated advertising	106,492	0	1,345	107,837	58,260
Donated mileage	67,115	0	0	67,115	59,952
Supplies	14,507	806	1,849	17,162	10,512
Occupancy	91,892	15,948	12,249	120,089	110,442
Professional fees	7,200	400	400	8,000	29,814
Travel	44,754	2,382	3,500	50,636	30,344
Computer supplies and support	5,634	978	751	7,363	28,639
Training	1,231	0	428	1,659	7,086
Depreciation	8,291	1,439	1,105	10,835	12,541
Telephone	15,745	2,733	2,099	20,577	13,283
Printing and publications	3,825	664	1,639	6,128	9,768
Insurance	8,860	1,538	1,181	11,579	9,182
Postage and shipping	5,042	280	1,242	6,564	6,771
Other expenses	<u>38,831</u>	<u>5,456</u>	<u>7,996</u>	<u>52,283</u>	<u>51,742</u>
	<u>\$1,655,062</u>	<u>\$183,443</u>	<u>\$226,782</u>	<u>\$2,065,287</u>	<u>\$1,862,650</u>

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

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2006

	<u>2006</u>	Memorandum Only <u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$91,901)	\$295,960
Depreciation	10,835	12,541
(Increase) decrease in assets:		
Unconditional promises to give	3,834	(131,877)
Grants and other receivables	(191,678)	50,484
Prepaid expenses	(4,607)	(7,840)
Other	8,485	(3,996)
Increase (decrease) in liabilities:		
Accounts payable	(21,196)	16,449
Accrued liabilities	7,465	(2,364)
Deferred revenue	<u>6,730</u>	<u>(17,144)</u>
	(272,033)	212,213
 CHANGE FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(8,166)</u>	<u>(2,503)</u>
 NET CHANGE IN CASH	 (280,199)	 209,710
 BEGINNING CASH	 <u>572,625</u>	 <u>362,915</u>
 ENDING CASH	 <u>\$292,426</u>	 <u>\$572,625</u>

The accompanying notes are an integral part of this financial statements 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 STATEMENTS 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 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.

MEMORANDUM ONLY COLUMNS

The financial statements include certain prior-year summarized comparative information in total but 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, 2005, 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 estimates 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 \$0.405 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: PROMISES TO GIVE

Unconditional promises to give at June 30, 2006, are as follows:

Receivable is less than one year	\$101,360
Receivable in one to five years	<u>26,683</u>
	<u>\$128,043</u>

NOTE 4: FIXED ASSETS

Fixed assets consist of the following:

Furniture and equipment	\$57,986
Leasehold improvements	12,704
Computer equipment and software	48,986
Accumulated depreciation	<u>(112,676)</u>
	<u>\$7,000</u>

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Net assets are restricted for the following purposes:

Capital Campaign	\$273,427
Child Advocacy	<u>49,887</u>
	<u>\$323,314</u>

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 6: 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, 2006:

Volunteer advocacy services (20,024 hours)	\$315,778
Advertising services	106,037
Volunteer mileage	67,115
Goods donated by volunteers	134,599
Other	<u>6,294</u>
	<u>\$629,823</u>

NOTE 7: OPERATING LEASES

CASATC is obligated on a lease for office space and equipment. The office space lease has a renewal option for one year. Rental expense under these leases for the year ended June 30, 2006 was approximately \$124,000. The future minimum lease payments required are:

Year Ended June 30,	
2007	\$126,170
2008	129,599
2009	<u>98,249</u>
Total	<u>\$354,018</u>

NOTE 8: 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 \$18,341 for the year ended June 30, 2006.

NOTE 9: CONCENTRATION

CASATC's cash deposited with Bank of America exceeded the Federal Deposit Insurance Corporation limit by \$67,230 as of June 30, 2006. CASATC has not experienced any losses due to this concentration.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

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

YEAR ENDED JUNE 30, 2006

	<u>2006</u>	Memorandum Only <u>2005</u>
REVENUE		
Texas Court Appointed Special Advocates Grant	<u>\$114,289</u>	<u>\$165,053</u>
EXPENSES		
Salaries	26,565	36,833
Employee benefits	3,717	3,825
Payroll taxes	2,032	2,819
Rent	87,377	113,359
Supplies	3,885	3,814
Professional fees	1,250	4,500
Travel	8,413	82
Postage and shipping	190	3,513
Computer supplies	146	3,158
Telephone	2,643	12,067
Conference	4,176	1,095
Other	<u>3,937</u>	<u>1,185</u>
	<u>144,331</u>	<u>186,250</u>
EXPENSES FUNDED THROUGH OTHER SOURCES	<u>(\$30,042)</u>	<u>(\$21,197)</u>

See independent auditors' report.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY

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

YEAR ENDED JUNE 30, 2006

	<u>2006</u>
REVENUE	
Victims of Crime Act Grant (VOCA)	<u>\$94,493</u>
EXPENSES	
Salaries	81,932
Employee benefits	16,083
Payroll taxes	6,242
Travel	3,277
Conference	695
Other	<u>3,621</u>
	<u>111,850</u>
EXPENSES FUNDED THROUGH OTHER SOURCES	<u>(\$17,357)</u>

See independent auditors' report.