

COURT APPOINTED SPECIAL
ADVOCATES OF TRAVIS COUNTY
AUDITED FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS
ENDED DECEMBER 31, 2007

COURT APPOINTED SPECIAL
ADVOCATES OF TRAVIS COUNTY

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INDEPENDENT AUDITOR'S REPORT

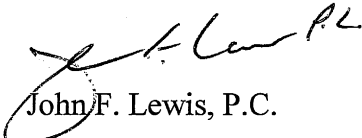
To the Board of Directors
Court Appointed Special
Advocates of Travis County
Austin, Texas

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, 2007, and the related statements of activities, cash flows and functional expense for the eighteen months 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.

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, 2007 and the changes in its net assets and its cash flows for the eighteen months 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 Activities 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.

February 13, 2008

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2007

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 104,839
Grants Receivable	31,742
Prepaid Expenses	<u>17,276</u>
Total Current Assets	<u>153,857</u>

Fixed Assets

Furniture and Equipment	70,690
Computer Equipment	58,220
Less: Accumulated Depreciation	<u>(121,274)</u>
Total Fixed Assets	<u>7,636</u>

Other Assets

Cash and Cash Equivalents - Restricted by Capital Campaign	<u>138,705</u>
	<u>138,705</u>

TOTAL ASSETS	<u><u>\$ 300,198</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 17,109
Compensated Absences Payable	<u>14,452</u>
Total Current Liabilities	<u>31,561</u>

Net Assets

Unrestricted	129,932
Temporarily Restricted	<u>138,705</u>
Total Net Assets	<u>268,637</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 300,198</u></u>
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See accompanying notes to the financial statements and independent auditor's report

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF ACTIVITIES
FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES AND RECLASSIFICATIONS			
Public Support and Revenues			
Grants	\$ 1,134,505	\$ -	\$ 1,134,505
Contributions: Cash	523,840	5,350	529,190
Contributions: In-kind	10,288	-	10,288
Special Events Fundraising, Less Direct Expenses of \$130,299	287,051	-	287,051
Interest Income	909	-	909
Miscellaneous	431	-	431
Total Public Support and Revenues	<u>1,957,024</u>	<u>5,350</u>	<u>1,962,374</u>
Reclassifications			
Net Assets Released by Satisfaction of Restrictions	<u>61,916</u>	<u>(61,916)</u>	<u>-</u>
Total Public Support, Revenues and Reclassifications	<u>2,018,940</u>	<u>(56,566)</u>	<u>1,962,374</u>
EXPENSES			
Program	1,759,398	-	1,759,398
Management and General	290,540	-	290,540
Fund-raising	285,540	-	285,540
Total Expenses	<u>2,335,478</u>	<u>-</u>	<u>2,335,478</u>
Change in Net Assets	(316,538)	(56,566)	(373,104)
Net Assets, Beginning of Year	446,470	323,314	769,784
Prior Period Adjustment	<u>-</u>	<u>(128,043)</u>	<u>(128,043)</u>
Net Assets, End of Year	<u>\$ 129,932</u>	<u>\$ 138,705</u>	<u>\$ 268,637</u>

See accompanying notes to the financial statements and independent auditor's report

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2007

	<u>Program</u>	<u>Administration</u>	<u>Fund-raising</u>	<u>Total</u>
EXPENSES:				
Salaries & Wages	\$ 1,074,963	\$ 110,290	\$ 163,499	\$ 1,348,752
Employee Benefits	181,849	18,657	27,659	228,165
Payroll Taxes	82,331	8,447	12,522	103,300
	<u>1,339,143</u>	<u>137,394</u>	<u>203,680</u>	<u>1,680,217</u>
Advertising	-	-	3,329	3,329
Bank Charges and Credit Card Fees	-	-	11,022	11,022
Computer Supplies and Support	25,574	2,624	3,890	32,088
Conferences, Seminars and Meetings	9,529	976	1,448	11,953
Contract Services	-	87,885	-	87,885
Depreciation	-	8,598	-	8,598
Direct Services	26,935	-	-	26,935
Equipment Rental and Maintenance	16,363	1,677	2,487	20,527
Insurance	15,536	1,594	2,363	19,493
Occupancy	151,847	15,558	23,079	190,484
Other Expenses	13,153	3,650	18,514	35,317
Postage and Shipping	15,814	1,623	2,405	19,842
Printing and Publications	28,007	2,874	4,260	35,141
Professional Fees	-	17,920	-	17,920
Supplies	23,218	2,382	3,531	29,131
Telephone	18,298	1,877	2,783	22,958
Training	50	-	-	50
Travel	75,931	3,908	2,749	82,588
	<u>420,255</u>	<u>153,146</u>	<u>81,860</u>	<u>655,261</u>
	<u>\$ 1,759,398</u>	<u>\$ 290,540</u>	<u>\$ 285,540</u>	<u>\$ 2,335,478</u>

See accompanying notes to the financial statements and independent auditor's report

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF CASH FLOWS
FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (373,104)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	8,598
(Increase) Decrease in Operating Assets:	
Decrease in Grants and Other Receivables	337,889
Increase in Prepaid Expenses	(4,829)
Increase (Decrease) in Operating Liabilities:	
Increase in Accounts Payable	8,380
Increase in Accrued Liabilities	723
Decrease in Deferred Revenue	<u>(17,305)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(39,648)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Fixed Assets	<u>(9,234)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(9,234)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (48,882)

CASH AND CASH EQUIVALENTS, beginning of year 292,426

CASH AND CASH EQUIVALENTS, end of year \$ 243,544

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2007

NOTE 1 - 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.

Method of Accounting

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

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. 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.

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.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2007.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives, ranging from three to seven years, using the straight-line method. 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 capitalizes assets over \$1,000 that significantly extends the useful life of the assets or have a useful life greater than one year. Donations of property and equipment are recorded at fair market value on the date of donation.

Compensated Absences

The 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

Unrestricted - Net assets that are not subject to any donor-imposed restriction. Under the Statement of Financial Standards (SFAS) No. 117, "*Financial Statements of Not-For-Profit Organizations*", CASA is required to report information regarding its financial position and activities according to three classes of net assets:

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 EIGHTEEN MONTHS ENDED DECEMBER 31, 2007

NOTE 1 - 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.

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

Contributions

Under SFAS No. 116, "Accounting for Contributions Received and Contributions Made," 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 30,264 volunteer hours totaling an economic value of approximately \$550,804, additionally, a total of 59,683 miles were driven at an economic value of approximately \$28,946. A total of \$10,288 has been recognized in the Statement of Activities as contributed rent for the eighteen months ended December 31, 2007.

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.

NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS

The following is a detail of the temporarily restricted net assets:

Capital Campaign	\$ 138,705
Total	\$ <u>138,705</u>

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2007

NOTE 3 - AVAILABLE LINES OF CREDIT

During the eighteen months ended December 31, 2007, CASA maintained various revolving lines of credit totaling \$11,000, with variable interest rates of approximately 15%. 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 4 - OPERATING LEASE COMMITMENT

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,	<u>Amount</u>
2008	\$109,744
2009	<u>111,459</u>
Total Future Minimum Lease Payments	<u>\$221,203</u>

Rental expense totaled \$180,196 for the eighteen months ended December 31, 2007.

NOTE 5 - 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 eighteen months ended December 31, 2007, CASA exceeded the \$100,000 FDIC insured limit in total deposits. Management monitors these balances and has not experienced any losses on its deposits.

NOTE 6 - 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 eighteen months ended December 31, 2007 was \$35,061.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2007

NOTE 7 - PRIOR PERIOD ADJUSTMENT

During the eighteen months ended December 31, 2007 it was noted by management that the capital campaign was no longer an active campaign and it was determined that the remaining pledges should have been removed from the financial statements as part of the prior reporting period. Management has elected to present a prior period adjustment for the inactivation of this pledge drive. The net effect to the beginning net assets is a reduction totaling \$128,043. The balance of collected pledges is still restricted for the capital campaign purposes as temporarily restricted net assets. Any residual payments received from the pledge drive will be considered temporarily restricted cash contributions in the year they are received.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF ACTIVITIES - TEXAS COURT
APPOINTED SPECIAL ADVOCATES GRANT
(UNAUDITED)
FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2007

Grant Name: Court Appointed Volunteer Advocate Program
Grantor Name: Texas Office of the Attorney General

	<u>Period Actual</u>
Revenue	\$ <u>186,188</u>
Expenses:	
Salary and Fringe	47,842
Operating Expenses	<u>138,346</u>
Total Expenses	<u>186,188</u>
Excess of Revenues over Expenses	<u><u>\$ -</u></u>

See independent auditor's report

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF ACTIVITIES - VICTIMS OF CRIME ACT GRANT
(UNAUDITED)
FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2007

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

	<u>Period Actual</u>
Revenue	\$ <u>139,804</u>
Expenses:	
Salary and Fringe	116,266
Operating Expenses	<u>23,538</u>
Total Expenses	<u>139,804</u>
Excess of Revenues over Expenses	\$ <u><u>-</u></u>

See independent auditor's report

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF ACTIVITIES - OTHER VICTIM ASSISTANCE GRANT FUND
(UNAUDITED)
FOR THE EIGHTEEN MONTHS ENDED DECEMBER 31, 2007

Grant Name: Other Victim Assistance Grant Fund
Grantor Name: Texas Office of the Attorney General

	<u>Period Actual</u>
Revenue	\$ <u>69,309</u>
Expenses:	
Salary and Fringe	55,692
Operating Expenses	<u>13,617</u>
Total Expenses	<u>69,309</u>
Excess of Revenues over Expenses	<u><u>\$ -</u></u>

See independent auditor's report