

**COURT APPOINTED SPECIAL  
ADVOCATES OF TRAVIS COUNTY**

**FINANCIAL STATEMENTS**

**December 31, 2013 and 2012**

**COURT APPOINTED SPECIAL  
ADVOCATES OF TRAVIS COUNTY**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Court Appointed Special Advocates of Travis County (CASA), which comprise the statements of financial position as of December 31, 2013 and 2012, the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Atebley & Associates, LLP*

Austin, Texas

June 23, 2014

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2013 AND 2012

| ASSETS                                 | 2013             | 2012             |
|--|------------------|------------------|
| Current assets                         |                  |                  |
| Cash and cash equivalents              | \$ 1,097,546     | \$ 1,171,785     |
| Pledge receivables                     | 258,333          | 122,050          |
| Grant receivables, net                 | 500,395          | 272,445          |
| Other receivables                      | 64,029           | -                |
| Prepaid expenses                       | 52,812           | 57,701           |
| Total current assets                   | 1,973,115        | 1,623,981        |
| Property and equipment, net            | 17,881           | 24,214           |
| Other assets                           |                  |                  |
| Pledge receivables, net                | 108,839          | 128,154          |
| Grant receivables                      | 181,000          | -                |
| Lease deposit and HRA trust balance    | 7,587            | 10,601           |
| CASA of Travis County Endowment Fund   | 25,901           | -                |
| Cash and cash equivalents - restricted |                  |                  |
| by capital campaign                    | 7,348            | 7,347            |
| Total other assets                     | 330,675          | 146,102          |
| <br>TOTAL ASSETS                       | <br>\$ 2,321,671 | <br>\$ 1,794,297 |
| <br>LIABILITIES AND NET ASSETS         |                  |                  |
| Current liabilities                    |                  |                  |
| Accounts payable                       | \$ 51,205        | \$ 157,656       |
| Compensated absences payable           | 32,763           | 28,028           |
| Deferred rent                          | 20,771           | 16,548           |
| Deferred revenue                       | 63,813           | 66,400           |
| Total current liabilities              | 168,552          | 268,632          |
| Net assets                             |                  |                  |
| Unrestricted                           | 494,842          | 539,759          |
| Unrestricted- Board designated         | 734,224          | 700,009          |
| Total unrestricted net assets          | 1,229,066        | 1,239,768        |
| Temporarily restricted                 | 924,053          | 285,897          |
| Total net assets                       | 2,153,119        | 1,525,665        |
| <br>TOTAL LIABILITIES AND NET ASSETS   | <br>\$ 2,321,671 | <br>\$ 1,794,297 |

The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

|  | Unrestricted        | Temporarily<br>Restricted | Total               |
|--|---------------------|---------------------------|---------------------|
| <b>PUBLIC SUPPORT, REVENUES<br/>AND OTHER</b>                    |                     |                           |                     |
| Public Support and Revenues                                      |                     |                           |                     |
| Government contracts   | \$ 892,466          | \$ -                      | \$ 892,466          |
| Grants   | 512,043             | 549,180                   | 1,061,223           |
| Contributions  | 517,543             | -                         | 517,543             |
| Pledges  | -                   | 235,310                   | 235,310             |
| Special events fundraising, less direct expenses<br>of \$169,503 | 609,110             | -                         | 609,110             |
| In-kind contributions  | 7,678               | -                         | 7,678               |
| Interest income  | 302                 | 1                         | 303                 |
| Miscellaneous  | 10                  | -                         | 10                  |
| Investment earnings on endowment fund                            | 1,704               | -                         | 1,704               |
| <b>Total Public Support and Revenues</b>                         | <b>2,540,856</b>    | <b>784,491</b>            | <b>3,325,347</b>    |
| Net assets released from restrictions                            | 146,335             | (146,335)                 | -                   |
| <b>TOTAL PUBLIC SUPPORT, REVENUES<br/>AND OTHER</b>              | <b>2,687,191</b>    | <b>638,156</b>            | <b>3,325,347</b>    |
| <b>EXPENSES</b>  |                     |                           |                     |
| Program  | 2,143,315           | -                         | 2,143,315           |
| Management and general   | 182,596             | -                         | 182,596             |
| Fundraising  | 371,982             | -                         | 371,982             |
| <b>TOTAL EXPENSES</b>  | <b>2,697,893</b>    | <b>-</b>                  | <b>2,697,893</b>    |
| Change in Net Assets   | (10,702)            | 638,156                   | 627,454             |
| NET ASSETS, beginning of year                                    | 1,239,768           | 285,897                   | 1,525,665           |
| NET ASSETS, end of year  | <u>\$ 1,229,066</u> | <u>\$ 924,053</u>         | <u>\$ 2,153,119</u> |

The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012

|  | Unrestricted     | Temporarily<br>Restricted | Total            |
|--|------------------|---------------------------|------------------|
| <b>PUBLIC SUPPORT, REVENUES<br/>AND OTHER</b>                    |                  |                           |                  |
| Public Support and Revenues                                      |                  |                           |                  |
| Government contracts   | \$ 846,712       | \$ -                      | \$ 846,712       |
| Grants   | 760,902          | 24,000                    | 784,902          |
| Contributions  | 450,064          | -                         | 450,064          |
| Pledges  | -                | 254,550                   | 254,550          |
| Special events fundraising, less direct expenses<br>of \$160,767 | 466,857          | -                         | 466,857          |
| In-kind contributions  | 11,801           | -                         | 11,801           |
| Interest income  | 317              | 1                         | 318              |
| Miscellaneous  | 22               | -                         | 22               |
| Realized loss on investments                                     | 207              | -                         | 207              |
| Unrealized gain/(loss) on investments                            | -                | -                         | -                |
| <b>Total Public Support and Revenues</b>                         | <b>2,536,882</b> | <b>278,551</b>            | <b>2,815,433</b> |
| Net assets released from restrictions                            | 5,000            | (5,000)                   | -                |
| <b>TOTAL PUBLIC SUPPORT, REVENUES<br/>AND OTHER</b>              | <b>2,541,882</b> | <b>273,551</b>            | <b>2,815,433</b> |
| <b>EXPENSES</b>  |                  |                           |                  |
| Program  | 1,894,846        | -                         | 1,894,846        |
| Management and general   | 147,072          | -                         | 147,072          |
| Fundraising  | 378,780          | -                         | 378,780          |
| <b>TOTAL EXPENSES</b>  | <b>2,420,698</b> | <b>-</b>                  | <b>2,420,698</b> |
| Change in Net Assets   | 121,184          | 273,551                   | 394,735          |
| NET ASSETS, beginning of year                                    | 1,118,584        | 12,346                    | 1,130,930        |
| NET ASSETS, end of year  | \$ 1,239,768     | \$ 285,897                | \$ 1,525,665     |

The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

|                               | <u>Program</u>      | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>        |
|-------------------------------|---------------------|-----------------------------------|--------------------|---------------------|
| <b>EXPENSES:</b>              |                     |                                   |                    |                     |
| Salaries and wages            | \$ 1,400,098        | \$ 104,060                        | \$ 247,127         | \$ 1,751,285        |
| Employee benefits             | 199,618             | 14,836                            | 35,234             | 249,688             |
| Payroll taxes                 | 102,745             | 7,942                             | 18,862             | 129,549             |
|                               | <u>1,702,461</u>    | <u>126,838</u>                    | <u>301,223</u>     | <u>2,130,522</u>    |
| Computer supplies and support | 44,636              | 1,585                             | 9,504              | 55,725              |
| Contract services             | 37,267              | 7,577                             | 11,371             | 56,215              |
| Depreciation                  | -                   | 6,333                             | -                  | 6,333               |
| Direct services               | 29,903              | -                                 | -                  | 29,903              |
| Insurance                     | 13,070              | 15,971                            | 2,307              | 31,348              |
| Marketing                     | 13,601              | 46                                | 311                | 13,958              |
| Occupancy                     | 124,666             | 9,266                             | 22,004             | 155,936             |
| Other expenses                | 23,491              | 2,250                             | 6,122              | 31,863              |
| Postage and shipping          | 5,001               | 353                               | 3,273              | 8,627               |
| Printing and publications     | 9,939               | 469                               | 10,651             | 21,059              |
| Professional fees             | -                   | 9,980                             | -                  | 9,980               |
| Supplies                      | 17,741              | 818                               | 2,511              | 21,070              |
| Telephone                     | 16,950              | 650                               | 1,844              | 19,444              |
| Training                      | 5,343               | 348                               | 571                | 6,262               |
| Travel                        | 99,246              | 112                               | 290                | 99,648              |
|                               | <u>440,854</u>      | <u>55,758</u>                     | <u>70,759</u>      | <u>567,371</u>      |
|                               | <u>\$ 2,143,315</u> | <u>\$ 182,596</u>                 | <u>\$ 371,982</u>  | <u>\$ 2,697,893</u> |

The accompanying notes are an integral part of these financial statements.



COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

|                               | <u>Program</u>      | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>        |
|-------------------------------|---------------------|-----------------------------------|--------------------|---------------------|
| <b>EXPENSES:</b>              |                     |                                   |                    |                     |
| Salaries and wages            | \$ 1,181,011        | \$ 81,206                         | \$ 227,948         | \$ 1,490,165        |
| Employee benefits             | 279,629             | 19,227                            | 53,972             | 352,828             |
| Payroll taxes                 | 89,073              | 6,125                             | 17,192             | 112,390             |
|                               | <u>1,549,713</u>    | <u>106,558</u>                    | <u>299,112</u>     | <u>1,955,383</u>    |
| Computer supplies and support | 19,321              | 1,323                             | 8,161              | 28,805              |
| Contract services             | 10,041              | 690                               | 31,938             | 42,669              |
| Depreciation                  | -                   | 5,170                             | -                  | 5,170               |
| Direct services               | 21,648              | -                                 | -                  | 21,648              |
| Insurance                     | 9,924               | 12,104                            | 1,915              | 23,943              |
| Marketing                     | 5,750               | 258                               | 1,596              | 7,604               |
| Occupancy                     | 113,095             | 7,776                             | 21,828             | 142,699             |
| Other expenses                | 31,811              | 1,732                             | 3,725              | 37,268              |
| Postage and shipping          | 5,385               | 181                               | 2,293              | 7,859               |
| Printing and publications     | 19,735              | 924                               | 2,628              | 23,287              |
| Professional fees             | -                   | 8,935                             | -                  | 8,935               |
| Supplies                      | 13,977              | 749                               | 2,524              | 17,250              |
| Telephone                     | 14,699              | 516                               | 1,723              | 16,938              |
| Training                      | 5,662               | 152                               | 696                | 6,510               |
| Travel                        | 74,085              | 4                                 | 641                | 74,730              |
|                               | <u>345,133</u>      | <u>40,514</u>                     | <u>79,668</u>      | <u>465,315</u>      |
|                               | <u>\$ 1,894,846</u> | <u>\$ 147,072</u>                 | <u>\$ 378,780</u>  | <u>\$ 2,420,698</u> |

The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

|  | 2013         | 2012         |
|--|--------------|--------------|
| <b>OPERATING ACTIVITIES</b>  |              |              |
| Change in net assets   | \$ 627,454   | \$ 394,735   |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: |              |              |
| Depreciation   | 6,333        | 5,170        |
| Present value adjustment to pledge receivables   | (3,993)      | 4,346        |
| Unrealized (gain) / loss on investments  | (1,246)      | -            |
| Realized (gain) / loss on investments  | (458)        | (207)        |
| Deferred rent  | 4,223        | 16,548       |
| Change in operating assets and liabilities:  |              |              |
| Pledge receivables   | (112,975)    | (243,360)    |
| Grant receivables  | (408,950)    | (21,751)     |
| Other receivables  | (64,029)     | -            |
| Prepaid expenses   | 4,889        | (9,669)      |
| Deposits   | 3,014        | 1,740        |
| Accounts payable   | (106,451)    | 122,992      |
| Compensated absences payable   | 4,735        | 2,888        |
| Deferred revenue   | (2,587)      | (994)        |
| Net cash flows from operating activities   | (50,041)     | 272,438      |
| <b>INVESTING ACTIVITIES</b>  |              |              |
| Proceeds from sale of investments  | -            | 10,214       |
| Investment in endowment fund   | (24,197)     | -            |
| Purchases of property and equipment  | -            | (9,293)      |
| Net cash flows from investing activities   | (24,197)     | 921          |
| <b>FINANCING ACTIVITIES</b>  |              |              |
| Net transfers and releases of restricted cash for Capital Campaign                         | (1)          | 4,999        |
| Net cash flows from financing activities   | (1)          | 4,999        |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>   | (74,239)     | 278,358      |
| <b>CASH AND CASH EQUIVALENTS - beginning of year</b>                                       | 1,171,785    | 893,427      |
| <b>CASH AND CASH EQUIVALENTS - end of year</b>   | \$ 1,097,546 | \$ 1,171,785 |

The accompanying notes are an integral part of these financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Court Appointed Special Advocates of Travis County (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, 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 in accordance with generally accepted accounting principles in the United States of America.

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 certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, 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 and cash equivalents. Cash equivalents include money market accounts and commercial paper and are stated at cost plus accrued interest, which approximates fair value. Restricted cash is not included in cash and cash equivalents.

Pledge Receivables

Unconditional promises to give are recorded in the period in which a written agreement to contribute cash or other assets is received and are classified as unrestricted, temporarily restricted or permanently restricted support depending on the designation, existence or nature of any donor restrictions. Management does not consider an allowance for promises to give to be necessary as of December 31, 2013 and 2012.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional promises to give expected to be collected in future years are reported at the present value of estimated cash flows. The resulting discounts are amortized and reported in contribution revenue.

Grant Receivables

CASA's grant receivables 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, 2013 and 2012.

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 |

Investments

Investments are carried at their market value and unrealized gains and losses are reflected in the statements of activities. Market values are determined by the most recently traded prices of securities at the statements of financial position date. Net realized gains or losses are determined on the specific identification cost method.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Fair Value Measurements

CASA's investments are accounted for at fair value with unrealized gains and losses reported in the statement of activities. Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of a given measurement date, and establishes a framework for measuring fair value. This standard also establishes a three-level hierarchy for such measurements based on the reliability of observable and unobservable inputs as follows:

Level 1- Valuations are based on quoted prices in active markets for identical assets or liabilities that CASA has the ability to access at the measurement date.

Level 2- Valuations are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose significant inputs are observable.

Level 3- Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability.

Compensated Absences

CASA expenses vacation in the year earned. Upon termination, the employee is compensated for any accrued but unused vacation.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Financial Statement Presentation

CASA reports under the provisions of FASB ASC 958-205, *Not-For-Profit Organizations*. Under FASB ASC 958-205, 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.

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

Contributions

Under FASB ASC 958-205, 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.

In-Kind Contributions

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.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Marketing

Marketing costs are reported in operating expenses and include the costs of advertising and other marketing activities. Marketing costs are expensed as incurred.

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, management and general, and fundraising based on estimates made by management. The estimates are reviewed periodically and the allocations revised by management.

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.

CASA received pass-through funds from Texas CASA, Inc. which were approximately 19% and 22% of revenues for the years ending December 31, 2013 and 2012, respectively. The amounts from the originating agencies for the years ending December 31 were:

|   | 2013              | 2012              |
|---|-------------------|-------------------|
| State of Texas Crime Victim's Compensation Fund | \$ 440,836        | \$ 414,164        |
| Criminal Justice Department Victim of Crime Act | 204,973           | 4                 |
|   | <u>\$ 645,809</u> | <u>\$ 414,168</u> |

These amounts are included in the revenue from government contracts on the statements of activities.

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.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

CASA has adopted FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. That standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in financial statements. It also provides guidance for de-recognition, classification, interest, and penalties, accounting in interim periods, disclosures, and transition.

CASA believes that it has appropriate support for any income tax position taken. Therefore, management has not identified any uncertain income tax positions. At a minimum, the December 31, 2010 through 2013 tax years are open for examination by taxing authorities.

Subsequent Events

Management has evaluated all 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.

**NOTE B - PLEDGE RECEIVABLES**

CASA received pledges, or promises to give, of donations related to its operations. Promises to be received after 2013 are discounted at 0.11% to 0.76% per year.

|  | 2013       | 2012       |
|--|------------|------------|
| Amounts due in:                          |            |            |
| Less than one year                       | \$ 258,333 | \$ 122,050 |
| One to five years                        | 109,192    | 132,500    |
| Total unconditional promises to give     | 367,525    | 254,550    |
| Less discount to net present value       | (353)      | (4,346)    |
| Less allowance for uncollectible pledges | -          | -          |
| Net unconditional promises to give       | \$ 367,172 | \$ 250,204 |

Unconditional promises to give are presented on the statement of financial position as follows:

|                         | 2013       | 2012       |
|-------------------------|------------|------------|
| Current asset           |            |            |
| Pledge receivables      | \$ 258,333 | \$ 122,050 |
| Long-term asset         |            |            |
| Pledge receivables, net | 108,839    | 128,154    |
|                         | \$ 367,172 | \$ 250,204 |



COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

**NOTE C - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

|                               | 2013      | 2012      |
|-------------------------------|-----------|-----------|
| Furniture & fixtures          | \$ 20,320 | \$ 20,320 |
| Computer equipment            | 6,916     | 6,916     |
| Leasehold improvements        | 10,295    | 10,295    |
| Software                      | 15,916    | 15,916    |
|                               | 53,447    | 53,447    |
| Less accumulated depreciation | (35,566)  | (29,233)  |
|                               | \$ 17,881 | \$ 24,214 |

Depreciation expense was \$6,333 and \$5,170 for the years ended December 31, 2013 and 2012, respectively.

**NOTE D - ENDOWMENT**

CASA entered into an agreement with Austin Community Foundation (Foundation) to establish an endowment fund. The purpose of the endowment fund is to support CASA's programs. Contributions to the endowment fund are from two sources: 1) Donors making restricted contributions directly to the Foundation to support CASA and 2) CASA may contribute board designated unrestricted funds to the endowment fund.

FASB ASC 958 requires the two sources of contributions to be recognized by CASA and the Foundation as follows:

1) The funds contributed by CASA are recognized as an asset and board designated unrestricted net assets on CASA's statement of financial position, even though the agreement between CASA and the Foundation expressly creates a permanent endowment held irrevocably by the Foundation. CASA will record the related investment activity on CASA's contributions in the statement of activities. The Foundation recognizes CASA's contributions and related investment activity as a liability to CASA.

2) Donations made directly to the Foundation by individuals, corporations, and other foundations are not recorded as contributions by CASA. The Foundation will record these as contributions. The Foundation will also record the related investment activity on such contributions. Contributions to CASA by the Foundation will be recorded by CASA as a contribution when received by CASA.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

**NOTE D - ENDOWMENT - continued**

The Foundation preserves the principal amounts contributed in perpetuity and charges a fee as compensation for investing, administering, and distributing funds. Investments are administered in accordance with Foundation policies and monitored by an investment committee. The investment pool is a diversified portfolio of fixed income, large cap, small cap, international and alternative strategy investment vehicles which are managed by investment managers.

Variance power is reserved by the Foundation's Board of Governors and contained in the Foundation's Articles of Incorporation and By-laws. This power provides the Board with the ability to modify any restriction or condition on the distribution of assets, if circumstances warrant. The annual amount available to be distributed to CASA is based upon the spending policy of the Foundation as established by the Board of Governors. The current spending policy allows a maximum of up to five percent of the 20 quarter average of the endowment to be available for distribution.

The fair value of the endowment is measured as Level 2 based on the criteria discussed in Note A.

The following is a summary of endowment investment activity during the year ended December 31, 2013.

|  |                         |
|--|-------------------------|
| Beginning endowment balance recognized by CASA | \$ -                    |
| Contributions by CASA                          | 24,197                  |
| Interest income and realized gains (losses)    | 701                     |
| Unrealized gains and losses                    | 1,246                   |
| Management fees                                | <u>(243)</u>            |
| Ending endowment balance recognized by CASA    | <u><u>\$ 25,901</u></u> |

The following is a summary of the pooled investments at the Foundation designated for CASA as of December 31, 2013.

|  |                         |
|--|-------------------------|
| CASA's endowment fund                                    | \$ 25,901               |
| Other donors' contributions designated for CASA programs | <u>29,546</u>           |
| Total fair market value of pooled investments            | <u><u>\$ 55,447</u></u> |

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

**NOTE E - IN-KIND CONTRIBUTIONS**

CASA received the following non-cash donations of goods and services that are reported as unrestricted support in the financial statements. The programs benefiting from the contributed goods and services are the following:

The following is a summary of in-kind contributions during the year ended December 31:

|                       | <u>2013</u>     | <u>2012</u>      |
|-----------------------|-----------------|------------------|
| Event direct expenses | \$ 3,560        | \$ 9,687         |
| Printing              | 4,118           | 2,114            |
|                       | <u>\$ 7,678</u> | <u>\$ 11,801</u> |

In addition, hours, for which no value has been assigned, were volunteered by individuals for the following:

|                        | <u>2013</u>  | <u>2012</u> |
|------------------------|--------------|-------------|
| Volunteer hours        | 58,707       | 34,776      |
| Economic value         | \$ 1,373,744 | \$ 757,769  |
| Volunteer miles driven | 475,586      | 336,720     |
| Economic value         | \$ 268,706   | \$ 186,880  |

In accordance with FASB ASC 958-605-25-16, *Not-for-Profit Entities - Revenue Recognition - Recognition - Contributed Services*, the value of these donated services is not recorded in the accompanying financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

**NOTE F - TEMPORARILY RESTRICTED NET ASSETS**

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of events specified by the donors, by the passage of time, or by the change of restrictions specified by the donors. Net assets released during the years ended December 31 are as follows:

|                        | 2013       | 2012     |
|------------------------|------------|----------|
| Life insurance payment | \$ 7,500   | \$ -     |
| Capital campaign       | -          | 5,000    |
| Passage of time        | 138,835    | -        |
|                        | \$ 146,335 | \$ 5,000 |

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

| Funding Source                    | Restrictions     | 2013       | 2012       |
|-----------------------------------|------------------|------------|------------|
| Michael and Susan Dell Foundation | Program expenses | \$ 543,000 | \$ -       |
| Capital Campaign                  | Program expenses | 7,348      | 7,347      |
| Pledges                           | Future expenses  | 367,525    | 254,550    |
| Lola Wright Foundation            | Program expenses | 6,180      | -          |
| Low Foundation                    | Program expenses | -          | 24,000     |
| Total                             |                  | \$ 924,053 | \$ 285,897 |

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

**NOTE G - FUTURE COMMITMENTS**

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

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

|                                     |                          |
|-------------------------------------|--------------------------|
| Year ending December 31,            |                          |
| 2014                                | \$ 167,070               |
| 2015                                | 171,130                  |
| 2016                                | 172,538                  |
| 2017                                | 128,136                  |
| 2018                                | <u>1,815</u>             |
| Total Future Minimum Lease Payments | <u><u>\$ 640,689</u></u> |

Rental expense totaled \$166,161 and \$149,838 for the years ended December 31, 2013 and 2012, respectively.

**NOTE H - 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 would not be material to the financial position of CASA.

**NOTE I - BOARD DESIGNATION**

The Board has established a reserve to cover any revenue shortfalls that may occur due to grant delays or fundraising receipts do not meet budgeted expenditures. The reserve target is three months of budgeted operating expenses. The Board also established an endowment fund at the Austin Community Foundation.

|                |                          |                          |
|----------------|--------------------------|--------------------------|
|                | <u>2013</u>              | <u>2012</u>              |
| Reserve        | \$ 708,323               | \$ 700,009               |
| Endowment Fund | <u>25,901</u>            | <u>-</u>                 |
|                | <u><u>\$ 734,224</u></u> | <u><u>\$ 700,009</u></u> |

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS

**NOTE J - EMPLOYEE BENEFIT PLAN**

CASA has a defined contribution plan (Simplified Employee Pension) covering eligible employees. Eligible employees are 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 for the years ended December 31, 2013 and 2012 were \$50,488 and \$189,653, of which \$130,000 of the 2012 amount relates to additional contributions for prior years eligible employees, respectively.

SUPPLEMENTAL INFORMATION

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF REVENUES AND EXPENSES  
VICTIMS OF CRIME ACT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

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

|                                  |                    |
|----------------------------------|--------------------|
| REVENUE                          | \$ 204,973         |
| EXPENSES                         |                    |
| Salary and benefits              | 172,632            |
| Operating expenses               | 32,341             |
| TOTAL EXPENSES                   | <u>204,973</u>     |
| Excess of revenues over expenses | <u><u>\$ -</u></u> |

See independent auditors' report.



COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF REVENUES AND EXPENSES  
CRIME VICTIM'S COMPENSATION  
FOR THE YEAR ENDED DECEMBER 31, 2013

Grant Name: Crime Victim's Compensation

Grantor Name: Texas CASA

|                                  |                    |
|----------------------------------|--------------------|
| REVENUE                          | \$ 440,836         |
| EXPENSES                         |                    |
| Salary and benefits              | 316,261            |
| Operating expenses               | 124,575            |
| TOTAL EXPENSES                   | <u>440,836</u>     |
| Excess of revenues over expenses | <u><u>\$ -</u></u> |

See independent auditors' report.