

**COURT APPOINTED SPECIAL
ADVOCATES OF TRAVIS COUNTY**

FINANCIAL STATEMENTS

December 31, 2017 and 2016

**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, 2017 and 2016, and 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, 2017 and 2016, 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 Statements of Revenues and Expenses on pages 20 and 21 are presented for purposes of additional analysis for a funding source and are not a required part of the basic 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. The information has been subjected to the auditing procedures applied in the audit of 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.



Austin, Texas

June 19, 2018

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS	2017	2016
Current assets		
Cash and cash equivalents	\$ 1,712,856	\$ 1,489,551
Pledge receivables	99,416	204,417
Grant receivables, net	937,148	375,457
Other receivables	46,433	90,627
Prepaid expenses	111,570	33,613
Total current assets	2,907,423	2,193,665
Property and equipment, net	89,298	8,417
Other assets		
Pledge receivables, net	25,357	67,901
Lease deposit and HRA trust balance	69,937	11,868
CASA of Travis County Endowment Fund	82,463	72,633
Cash and cash equivalents - restricted		
by capital campaign	7,351	7,349
Total other assets	185,108	159,751
 TOTAL ASSETS	 \$ 3,181,829	 \$ 2,361,833
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 37,334	\$ 36,706
Compensated absences payable	50,667	42,297
Deferred rent	-	11,778
Deferred revenue	92,901	70,590
Accrued payroll	164	-
Total current liabilities	181,066	161,371
Net assets		
Unrestricted	1,260,328	799,830
Unrestricted - Board designated	989,003	882,660
Total unrestricted net assets	2,249,331	1,682,490
Temporarily restricted	751,432	517,972
Total net assets	3,000,763	2,200,462
 TOTAL LIABILITIES AND NET ASSETS	 \$ 3,181,829	 \$ 2,361,833

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

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT, REVENUES AND OTHER			
Public support and revenues			
Government contracts	\$ 1,392,716	\$ -	\$ 1,392,716
Grants	1,268,763	618,000	1,886,763
Contributions	640,955	-	640,955
Pledges	-	20,211	20,211
Special events revenue	968,126		
Less costs of direct benefit to donors	<u>(241,476)</u>		
Net revenues from special events	726,650	-	726,650
In-kind contributions	-	-	-
Interest income	524	-	524
Miscellaneous	-	-	-
Investment earnings on endowment fund	9,830	-	9,830
Total public support and revenues	<u>4,039,438</u>	<u>638,211</u>	<u>4,677,649</u>
Net assets released from restrictions	404,751	(404,751)	-
TOTAL PUBLIC SUPPORT, REVENUES AND OTHER	<u>4,444,189</u>	<u>233,460</u>	<u>4,677,649</u>
EXPENSES			
Program	3,124,549	-	3,124,549
Management and general	227,236	-	227,236
Fundraising	525,563	-	525,563
TOTAL EXPENSES	<u>3,877,348</u>	<u>-</u>	<u>3,877,348</u>
Change in net assets	566,841	233,460	800,301
NET ASSETS, beginning of year	1,682,490	517,972	2,200,462
NET ASSETS, end of year	<u>\$ 2,249,331</u>	<u>\$ 751,432</u>	<u>\$ 3,000,763</u>

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

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT, REVENUES AND OTHER			
Public support and revenues			
Government contracts	\$ 1,147,767	\$ -	\$ 1,147,767
Grants	725,900	-	725,900
Contributions	794,053	-	794,053
Pledges	-	101,833	101,833
Special events revenue	887,747		
Less costs of direct benefit to donors	<u>(205,922)</u>		
Net revenues from special events	681,825	-	681,825
In-kind contributions	4,556	-	4,556
Interest income	234	-	234
Miscellaneous	496	-	496
Investment earnings on endowment fund	5,812	-	5,812
Total public support and revenues	<u>3,360,643</u>	<u>101,833</u>	<u>3,462,476</u>
Net assets released from restrictions	<u>375,999</u>	<u>(375,999)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT, REVENUES AND OTHER			
	<u>3,736,642</u>	<u>(274,166)</u>	<u>3,462,476</u>
EXPENSES			
Program	2,938,330	-	2,938,330
Management and general	183,702	-	183,702
Fundraising	508,599	-	508,599
TOTAL EXPENSES	<u>3,630,631</u>	<u>-</u>	<u>3,630,631</u>
Change in net assets	106,011	(274,166)	(168,155)
NET ASSETS, beginning of year	<u>1,576,479</u>	<u>792,138</u>	<u>2,368,617</u>
NET ASSETS, end of year	<u>\$ 1,682,490</u>	<u>\$ 517,972</u>	<u>\$ 2,200,462</u>

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

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Salaries and wages	\$ 2,028,024	\$ 154,308	\$ 339,732	\$ 2,522,064
Employee benefits	320,300	24,371	53,656	398,327
Payroll taxes	140,524	10,692	23,540	174,756
	<u>2,488,848</u>	<u>189,371</u>	<u>416,928</u>	<u>3,095,147</u>
Computer supplies and support	38,135	1,442	10,292	49,869
Contract services	151,674	11,541	25,408	188,623
Depreciation	4,409	335	738	5,482
Direct services	18,108	-	-	18,108
Insurance	31,170	2,372	5,222	38,764
Marketing	8,014	-	1,928	9,942
Occupancy	170,029	12,937	28,483	211,449
Other expenses	92,174	6,864	16,287	115,325
Postage and shipping	1,042	76	3,231	4,349
Printing and publications	2,746	109	9,034	11,889
Professional fees	9,050	689	1,516	11,255
Supplies	7,946	442	2,686	11,074
Telephone	9,075	689	1,518	11,282
Training	9,059	329	1,731	11,119
Travel	83,070	40	561	83,671
	<u>635,701</u>	<u>37,865</u>	<u>108,635</u>	<u>782,201</u>
	<u>\$ 3,124,549</u>	<u>\$ 227,236</u>	<u>\$ 525,563</u>	<u>\$ 3,877,348</u>

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

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
EXPENSES:				
Salaries and wages	\$ 1,942,302	\$ 107,737	\$ 331,911	\$ 2,381,950
Employee benefits	318,587	17,672	54,442	390,701
Payroll taxes	145,484	8,070	24,860	178,414
	<u>2,406,373</u>	<u>133,479</u>	<u>411,213</u>	<u>2,951,065</u>
Computer supplies and support	28,137	766	18,249	47,152
Contract services	80,401	4,438	13,670	98,509
Depreciation	-	4,889	-	4,889
Direct services	25,680	-	-	25,680
Insurance	16,490	15,915	2,817	35,222
Marketing	20,923	22	4,923	25,868
Occupancy	170,212	9,441	29,088	208,741
Other expenses	51,976	2,316	11,309	65,601
Postage and shipping	2,142	119	2,776	5,037
Printing and publications	4,112	170	9,283	13,565
Professional fees	-	10,950	-	10,950
Supplies	10,945	273	1,700	12,918
Telephone	9,094	504	1,554	11,152
Training	22,025	122	1,115	23,262
Travel	89,820	298	902	91,020
	<u>531,957</u>	<u>50,223</u>	<u>97,386</u>	<u>679,566</u>
	<u>\$ 2,938,330</u>	<u>\$ 183,702</u>	<u>\$ 508,599</u>	<u>\$ 3,630,631</u>

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

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
OPERATING ACTIVITIES		
Change in net assets	\$ 800,301	\$ (168,155)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	5,482	4,889
Present value adjustment to pledge receivables	(994)	(12,634)
Realized (gain) loss on investments	(9,830)	(5,812)
Change in operating assets and liabilities:		
Pledge receivables	148,539	42,167
Grant receivables	(561,691)	274,686
Other receivables	44,194	(1,625)
Prepaid expenses	(77,957)	43,327
Lease deposit and HRA trust balance	(58,069)	5,237
Accounts payable	628	1,102
Compensated absences payable	8,370	(1,855)
Deferred rent	(11,778)	(5,206)
Deferred revenue	22,311	20,240
Accrued payroll	164	-
Net cash flows from operating activities	309,670	196,361
INVESTING ACTIVITIES		
Net (purchase)/sales of investment in endowment fund	-	868
Purchases of property and equipment	(86,363)	-
Net cash flows from investing activities	(86,363)	868
FINANCING ACTIVITIES		
Net transfers and releases of restricted cash for capital campaign	(2)	-
Net cash flows from financing activities	(2)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	223,305	197,229
CASH AND CASH EQUIVALENTS, beginning of year	1,489,551	1,292,322
CASH AND CASH EQUIVALENTS, end of year	\$ 1,712,856	\$ 1,489,551

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

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

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.

Financial Statement Presentation

CASA reports under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (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 - Net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired or been satisfied. All gifts, grants and bequests are considered unrestricted unless specifically restricted by the donor.

Temporarily restricted net assets - Net assets that are subject to donor-imposed restrictions either for use during a specified time period or for a particular purpose.

Permanently restricted net assets - Net assets that are subject to donor-imposed restrictions that they be maintained permanently by CASA. CASA had no permanently restricted assets during either year.

Net Assets Released From Restrictions

When a donor-imposed restriction is fulfilled or when a time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, 2017 and 2016.

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, 2017 and 2016.

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
Computer equipment & software	5-7 Years
Furniture & fixtures	3-5 Years

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Fair Value Measurements

CASA's investments are accounted for at fair value with unrealized gains and losses reported in the statement of activities. FASB 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 observable data other than quoted prices.

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. A maximum of six vacation days, for all employees, may be carried over into the following calendar year.

Special Event Revenues

Special event revenues consist of fundraisers sponsored by CASA and are reported net of direct expenses. CASA will receive funds in advance and present them as deferred revenue on the statement of financial position until the event occurs.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions

CASA recognizes contributions as revenue when received or unconditionally promised. Contributions are measured at the fair value of the assets or services received or promised. The fair value of contributions arising from unconditional promises to give cash or other assets in one or more future years is measured (discounted) using a risk-adjusted rate of return appropriate for the expected term of the promise to give. Such discounts are amortized between the date the promise to give is initially recognized and the date the actual cash is expected to be collected. Revenues from program service fees and special events are recognized when received. Revenues are classified as restricted support if they are received with donor stipulations that limit the use of the contributions.

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.

Marketing

Marketing costs are expensed as incurred. For the years ended December 31, 2017 and 2016, advertising expense totaled \$9,942 and \$25,868, respectively. Of the \$9,942 of marketing expense during 2017, \$8,014 were expenses associated with advertising to recruit volunteers as required in order to accomplish CASA's charitable purpose and mission, and \$1,928 were other marketing expenses.

Functional Expenses

Directly identifiable expenses are classified as program services, fundraising and general administration. Expenses related to more than one function are allocated to programs, fundraising and general administration on the basis of management estimates. General administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CASA.

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.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Exchange Transactions - Continued

CASA received pass-through funds from Texas CASA, Inc. which were approximately 25% and 27% of revenues for the years ending December 31, 2017 and 2016, respectively. The amounts from the originating agencies for the years ending December 31 were:

	2017	2016
State of Texas Crime Victims' Compensation Fund	\$ 581,084	\$ 612,196
Lonestar Proud for Kids (LSP)	505	505
Criminal Justice Department Victim of Crime Act	570,670	333,338
	\$ 1,152,259	\$ 946,039

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.

CASA has adopted FASB ASC 740, *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. As of December 31, 2017 and 2016, CASA has not recognized liabilities for uncertain tax positions or associated interest and penalties. CASA's federal exempt organization returns for the years ended December 31, 2014, and after are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Recently Issued Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which requires presentation on the face of the Statements of Financial Position amounts for two classes of net assets at the end of the period, net assets with donor restrictions and net assets without donor restrictions, rather than the currently required three classes. The standard also requires the presentation on the face of the statements of activities the amount of the change in each of these two classes of net assets. The entity will be required to provide enhanced disclosures about liquidity in the footnotes to the financial statements. The standard is effective for fiscal years beginning after December 15, 2017, and early adoption is permitted.

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 2017 are discounted at 0.83% to 1.56% per year.

	2017	2016
Amounts due in:		
Less than one year	\$ 99,416	\$ 204,417
One to five years	26,667	70,205
Total unconditional promises to give	126,083	274,622
Less discount to net present value	(1,310)	(2,304)
Net unconditional promises to give	\$ 124,773	\$ 272,318

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2017	2016
Furniture & fixtures	\$ 93,995	\$ 20,320
Computer equipment	19,604	6,916
Leasehold improvements	17,840	17,840
Software	15,916	15,916
	147,355	60,992
Less accumulated depreciation	(58,057)	(52,575)
	\$ 89,298	\$ 8,417

Depreciation expense was \$5,482 and \$4,889 for the years ended December 31, 2017 and 2016, 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.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE D - ENDOWMENT - CONTINUED

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.

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 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 spending policy until December 31, 2017, allowed a maximum of up to five percent of the 20 quarter average of the endowment to be available for distribution. As of January 1, 2018, the maximum withdrawal has been reduced to four percent.

The fair value of the endowment is measured as Level 3 based on the criteria discussed in Note A.

The following is a summary of endowment investment activity during the years ended December 31:

	<u>2017</u>	<u>2016</u>
Beginning endowment balance recognized by CASA	\$ 72,633	\$ 67,689
Interest income and realized gains (losses)	5,642	1,463
Unrealized gains (losses)	5,056	4,284
Management fees	<u>(868)</u>	<u>(803)</u>
Ending endowment balance recognized by CASA	<u>\$ 82,463</u>	<u>\$ 72,633</u>

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE D - ENDOWMENT - CONTINUED

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

	<u>2017</u>	<u>2016</u>
CASA's endowment fund	\$ 82,463	\$ 72,633
Other donors' contributions	<u>45,935</u>	<u>40,459</u>
Total fair market value of pooled investments	<u>\$ 128,398</u>	<u>\$ 113,092</u>

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 years ended December 31:

	<u>2017</u>	<u>2016</u>
Event direct expenses	\$ -	\$ 2,600
Printing	<u>-</u>	<u>1,956</u>
	<u>\$ -</u>	<u>\$ 4,556</u>

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:

	<u>2017</u>	<u>2016</u>
Passage of time	<u>\$ 404,751</u>	<u>\$ 375,999</u>

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE F - TEMPORARILY RESTRICTED NET ASSETS - CONTINUED

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

Funding Source	Restrictions	2017	2016
Michael and Susan Dell Foundation	Program expenses	\$ 618,000	\$ 156,000
Capital Campaign	Program expenses	7,349	7,349
Pledges	Future expenses	126,083	304,623
Shield-Ayers	Program expenses	-	30,000
Lowe Foundation	Program expenses	-	20,000
Total		<u>\$ 751,432</u>	<u>\$ 517,972</u>

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,	
2018	\$ 329,667
2019	342,233
2020	344,327
2021	345,521
2022	352,307
Thereafter	<u>755,508</u>
Total future minimum lease payments	<u>\$ 2,469,563</u>

Rental expense totaled \$222,480 and \$219,909 for the years ended December 31, 2017 and 2016, 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.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE I - BOARD DESIGNATION

The Board has established a reserve to cover any revenue shortfalls that may occur due to grant delays or if 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.

	2017	2016
Reserve	\$ 906,540	\$ 810,027
Endowment Fund	82,463	72,633
	\$ 989,003	\$ 882,660

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 worked for CASA in at least one of the preceding five years and have at least \$400 in compensation during 2017. 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, 2017 and 2016, totaled \$95,317 and \$102,287, respectively.

NOTE K - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject CASA to credit risk consist principally of cash at financial institutions and investments. At times, the balance in cash accounts may be in excess of FDIC insurance limits. Management continuously monitors CASA's balances at financial institutions and invests excess operating cash in short-term investments. At December 31, 2017, there was \$369,126 in funds in excess of FDIC insured limits.

NOTE L - RELATED PARTY TRANSACTIONS

Certain members of the Board contributed \$198,456 and \$254,644 to CASA during the years ended December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, there were pledges receivable from board members in the amount of \$39,000 and \$132,500 respectively.

SUPPLEMENTAL INFORMATION

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY
STATEMENT OF REVENUES AND EXPENSES
VICTIMS OF CRIME ACT FUND
YEAR ENDED DECEMBER 31, 2017

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

REVENUES	\$ 568,663
EXPENSES	
Salary and benefits	350,255
Operating expenses	218,408
TOTAL EXPENSES	<u>568,663</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 VICTIMS' COMPENSATION
YEAR ENDED DECEMBER 31, 2017

Grant Name: Crime Victims' Compensation
Grantor Name: Texas CASA

REVENUES	\$ 579,599
EXPENSES	
Salary and benefits	345,128
Operating expenses	234,471
TOTAL EXPENSES	<u>579,599</u>
Excess of revenues over expenses	<u>\$ -</u>

See independent auditors' report.