

**COURT APPOINTED SPECIAL  
ADVOCATES OF TRAVIS COUNTY**

**FINANCIAL STATEMENTS**

**December 31, 2014 and 2013**

**COURT APPOINTED SPECIAL  
ADVOCATES OF TRAVIS COUNTY**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report	1
Statements of Financial Position	3
Statements of Activities	
Year Ended December 31, 2014	4
Year Ended December 31, 2013	5
Statements of Functional Expenses	
Year Ended December 31, 2014	6
Year Ended December 31, 2013	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplemental Information:	
Statement of Revenues and Expenses- Victims of Crime Act Fund	20
Statement of Revenues and Expenses- Crime Victim's Compensation	21

**COURT APPOINTED SPECIAL  
ADVOCATES OF TRAVIS COUNTY**

**TABLE OF CONTENTS - Continued**

	<b><u>Page</u></b>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the <i>State of Texas Single Audit Circular</i>	24
Schedule of Expenditures of State Awards	26
Notes to Schedule of Expenditures of State Awards	27
Schedule of Findings and Questioned Costs	28
Corrective Action Plan	29
Summary Schedule of Prior Audit Findings	30



## 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, 2014 and 2013, 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, 2014 and 2013, 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**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statements of Revenues 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. The Schedule of Expenditures of State Awards is presented for purposes of additional analysis as required by the *State of Texas Single Audit Circular* is 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2015, on our consideration of CASA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CASA's internal control over financial reporting and compliance.

*Atchley & Associates, LLP*

Austin, Texas  
May 29, 2015

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2014 AND 2013

ASSETS	2014	2013
Current assets		
Cash and cash equivalents	\$ 1,222,278	\$ 1,097,546
Pledge receivables	115,759	258,333
Grant receivables, net	392,410	500,395
Other receivables	49,289	64,029
Prepaid expenses	80,622	52,812
Total current assets	1,860,358	1,973,115
Property and equipment, net	12,197	17,881
Other assets		
Pledge receivables, net	30,811	108,839
Grant receivables	-	181,000
Lease deposit and HRA trust balance	11,225	7,587
CASA of Travis County Endowment Fund	46,721	25,901
Cash and cash equivalents - restricted		
by capital campaign	7,349	7,348
Total other assets	96,106	330,675
 TOTAL ASSETS	 \$ 1,968,661	 \$ 2,321,671
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 22,751	\$ 51,205
Compensated absences payable	40,323	32,763
Deferred rent	19,906	20,771
Deferred revenue	54,850	63,813
Total current liabilities	137,830	168,552
Net assets		
Unrestricted	612,489	494,842
Unrestricted- Board designated	796,823	734,224
Total unrestricted net assets	1,409,312	1,229,066
Temporarily restricted	421,519	924,053
Total net assets	1,830,831	2,153,119
 TOTAL LIABILITIES AND NET ASSETS	 \$ 1,968,661	 \$ 2,321,671

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, 2014

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT, REVENUES AND OTHER</b>			
Public Support and Revenues			
Government contracts	\$ 977,352	\$ -	\$ 977,352
Grants	482,443	105,000	587,443
Contributions	546,405	12,411	558,816
Pledges	-	29,500	29,500
Special events revenue	749,146		
Less costs of direct benefit to donors	<u>(213,107)</u>		
Net revenues from special events	536,039	-	536,039
In-kind contributions	19,275	-	19,275
Interest income	638	1	639
Miscellaneous	404	-	404
Investment earnings on endowment fund	820	-	820
Total Public Support and Revenues	<u>2,563,376</u>	<u>146,912</u>	<u>2,710,288</u>
Net assets released from restrictions	<u>649,446</u>	<u>(649,446)</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT, REVENUES AND OTHER</b>	<b>3,212,822</b>	<b>(502,534)</b>	<b>2,710,288</b>
<b>EXPENSES</b>			
Program	2,423,284	-	2,423,284
Management and general	205,534	-	205,534
Fundraising	403,758	-	403,758
TOTAL EXPENSES	<u>3,032,576</u>	<u>-</u>	<u>3,032,576</u>
Change in Net Assets	180,246	(502,534)	(322,288)
NET ASSETS, beginning of year	<u>1,229,066</u>	<u>924,053</u>	<u>2,153,119</u>
NET ASSETS, end of year	<u>\$ 1,409,312</u>	<u>\$ 421,519</u>	<u>\$ 1,830,831</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, 2013

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT, REVENUES 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 revenue	778,613		
Less costs of direct benefit to donors	<u>(172,114)</u>		
Net revenues from special events	606,499	-	606,499
In-kind contributions	7,678	-	7,678
Interest income	302	1	303
Miscellaneous	10	-	10
Realized loss on investments	458	-	458
Unrealized gain/(loss) on investments	1,246	-	1,246
Total Public Support and Revenues	<u>2,538,245</u>	<u>784,491</u>	<u>3,322,736</u>
Net assets released from restrictions	146,335	(146,335)	-
<b>TOTAL PUBLIC SUPPORT, REVENUES AND OTHER</b>	<b>2,684,580</b>	<b>638,156</b>	<b>3,322,736</b>
<b>EXPENSES</b>			
Program	2,140,246	-	2,140,246
Management and general	182,596	-	182,596
Fundraising	372,440	-	372,440
<b>TOTAL EXPENSES</b>	<u>2,695,282</u>	<u>-</u>	<u>2,695,282</u>
Change in Net Assets	(10,702)	638,156	627,454
NET ASSETS, beginning of year	<u>1,239,768</u>	<u>285,897</u>	<u>1,525,665</u>
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 FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2014

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>EXPENSES:</b>				
Salaries and wages	\$ 1,631,493	\$ 118,460	\$ 254,978	\$ 2,004,931
Employee benefits	258,020	18,734	40,325	317,079
Payroll taxes	124,198	9,018	19,410	152,626
	<u>2,013,711</u>	<u>146,212</u>	<u>314,713</u>	<u>2,474,636</u>
Computer supplies and support	16,444	3,531	6,227	26,202
Contract services	19,011	869	14,371	34,251
Depreciation	-	5,684	-	5,684
Direct services	22,640	-	-	22,640
Insurance	14,430	16,048	2,255	32,733
Marketing	22,801	61	11,657	34,519
Occupancy	126,907	9,215	19,834	155,956
Other expenses	39,570	7,260	7,672	54,502
Postage and shipping	3,056	935	3,863	7,854
Printing and publications	1,913	2,940	16,289	21,142
Professional fees	-	10,325	-	10,325
Supplies	17,241	840	2,692	20,773
Telephone	17,860	645	1,689	20,194
Training	6,884	859	980	8,723
Travel	100,816	110	1,516	102,442
	<u>409,573</u>	<u>59,322</u>	<u>89,045</u>	<u>557,940</u>
	<u>\$ 2,423,284</u>	<u>\$ 205,534</u>	<u>\$ 403,758</u>	<u>\$ 3,032,576</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, 2013

	<u>Program</u>	<u>Management 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	20,422	2,250	6,580	29,252
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>437,785</u>	<u>55,758</u>	<u>71,217</u>	<u>564,760</u>
	<u>\$ 2,140,246</u>	<u>\$ 182,596</u>	<u>\$ 372,440</u>	<u>\$ 2,695,282</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, 2014 AND 2013

	2014	2013
OPERATING ACTIVITIES		
Change in net assets	\$ (322,288)	\$ 627,454
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	5,684	6,333
Present value adjustment to pledge receivables	1,336	(3,993)
Unrealized (gain) loss on investments	(318)	(1,246)
Realized (gain) loss on investments	(502)	(458)
Deferred rent	(865)	4,223
Change in operating assets and liabilities:		
Pledge receivables	219,266	(112,975)
Grant receivables	288,985	(408,950)
Other receivables	14,740	(64,029)
Prepaid expenses	(27,810)	4,889
Deposits	(3,638)	3,014
Accounts payable	(28,454)	(106,451)
Compensated absences payable	7,560	4,735
Deferred revenue	(8,963)	(2,587)
Net cash flows from operating activities	144,733	(50,041)
INVESTING ACTIVITIES		
Investment in endowment fund	(20,000)	(24,197)
Net cash flows from investing activities	(20,000)	(24,197)
FINANCING ACTIVITIES		
Net transfers and releases of restricted cash for Capital Campaign	(1)	(1)
Net cash flows from financing activities	(1)	(1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	124,732	(74,239)
CASH AND CASH EQUIVALENTS - beginning of year	1,097,546	1,171,785
CASH AND CASH EQUIVALENTS - end of year	\$ 1,222,278	\$ 1,097,546

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

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

**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 FASB ASC 958-205, *Not-For-Profit Organizations*. Under FASB ASC 958, 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, 2014 AND 2013

**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, 2014 and 2013.

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, 2014 and 2013.

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

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

**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. 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 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.

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.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

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

Special Event Revenues

Special event revenues consist of fundraisers sponsored by CASA and are reported net of direct expenses.

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, 2014 and 2013, advertising expense totaled \$34,519 and \$13,958, respectively. Of the \$34,519 marketing expense during 2014, \$19,000 were expenses associated with advertising to recruit volunteers and \$15,519 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.

CASA received pass-through funds from Texas CASA, Inc. which were approximately 26% and 19% of revenues for the years ending December 31, 2014 and 2013, respectively. The amounts from the originating agencies for the years ending December 31 were:

	2014	2013
State of Texas Crime Victim's Compensation Fund	\$ 482,175	\$ 440,836
Lonestar Proud for Kids (LSP)	2,643	1,555
Criminal Justice Department Victim of Crime Act	222,884	204,973
	<u>\$ 707,702</u>	<u>\$ 647,364</u>

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

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

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

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. As of December 31, 2014 and 2013, CASA has not recognized liabilities for uncertain tax positions or associated interest and penalties.

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, 2014 and 2013, 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, 2011, 2012 and 2013, are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

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.

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.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

**NOTE B - PLEDGE RECEIVABLES**

CASA received pledges, or promises to give, of donations related to its operations. Promises to be received after 2014 are discounted at 0.11% to 0.76% per year.

	<u>2014</u>	<u>2013</u>
Amounts due in:		
Less than one year	\$ 115,759	\$ 258,333
One to five years	32,500	109,192
Total unconditional promises to give	<u>148,259</u>	<u>367,525</u>
Less discount to net present value	(1,689)	(353)
Less allowance for uncollectible pledges	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u><u>\$ 146,570</u></u>	<u><u>\$ 367,172</u></u>

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

	<u>2014</u>	<u>2013</u>
Current asset		
Pledge receivables	\$ 115,759	\$ 258,333
Long-term asset		
Pledge receivables, net	<u>30,811</u>	<u>108,839</u>
	<u><u>\$ 146,570</u></u>	<u><u>\$ 367,172</u></u>

**NOTE C - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Furniture & fixtures	\$ 20,320	\$ 20,320
Computer equipment	6,916	6,916
Leasehold improvements	10,295	10,295
Software	<u>15,916</u>	<u>15,916</u>
	53,447	53,447
Less accumulated depreciation	<u>(41,250)</u>	<u>(35,566)</u>
	<u><u>\$ 12,197</u></u>	<u><u>\$ 17,881</u></u>

Depreciation expense was \$5,684 and \$6,333 for the years ended December 31, 2014 and 2013, respectively.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

**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.

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 current spending policy allows a maximum of up to five percent of the 20 quarter average of the endowment to be available for distribution.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

**NOTE D - ENDOWMENT - continued**

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 year ended December 31:

	2014	2013
Beginning endowment balance recognized by CASA	\$ 25,901	\$ -
Contributions by CASA	20,000	24,197
Interest income and realized gains (losses)	1,412	701
Unrealized gains and losses	(318)	1,246
Management fees	(274)	(243)
Ending endowment balance recognized by CASA	\$ 46,721	\$ 25,901

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

	2014	2013
CASA's endowment fund	\$ 46,721	\$ 25,901
Other donors' contributions	35,581	29,546
Total fair market value of pooled investments	\$ 82,302	\$ 55,447

**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:

	2014	2013
Event direct expenses	\$ 14,233	\$ 3,560
Printing	4,042	4,118
Volunteer Appreciation Dinner catering	1,000	-
	\$ 19,275	\$ 7,678

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

**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:

	2014	2013
Life insurance payment	\$ 7,500	\$ 7,500
Passage of time	641,946	138,835
	\$ 649,446	\$ 146,335

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

Funding Source	Restrictions	2014	2013
Michael and Susan			
Dell Foundation	Program expenses	\$ 181,000	\$ 543,000
Capital Campaign	Program expenses	7,348	7,348
Pledges	Future expenses	148,259	367,525
Impact Austin	Program expenses	50,000	-
Lowe Foundation	Program expenses	25,000	-
Others	Future expenses	4,912	-
Lola Wright Foundation	Program expenses	5,000	6,180
Total		\$ 421,519	\$ 924,053

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

**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,		
2015	\$	215,629
2016		220,441
2017		226,835
2018		16,303
2019		7,138
Thereafter		<u>3,569</u>
Total future minimum lease payments	\$	<u><u>689,915</u></u>

Rental expense totaled \$166,056 and \$166,161 for the years ended December 31, 2014 and 2013, 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, 2014 AND 2013

**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.

	2014	2013
Reserve	\$ 750,102	\$ 708,323
Endowment Fund	46,721	25,901
	\$ 796,823	\$ 734,224

**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 3 of the last 5 years and has at least \$550 in compensation during 2014. 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, 2014 and 2013, were \$84,963 and \$50,488, respectively.

SUPPLEMENTAL INFORMATION

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
STATEMENT OF REVENUES AND EXPENSES  
VICTIMS OF CRIME ACT FUND  
YEAR ENDED DECEMBER 31, 2014

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

REVENUES	\$ 222,884
EXPENSES	
Salary and benefits	188,064
Operating expenses	34,820
TOTAL EXPENSES	<u>222,884</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  
YEAR ENDED DECEMBER 31, 2014

Grant Name: Crime Victim's Compensation

Grantor Name: Texas CASA

REVENUES	\$ 482,175
EXPENSES	
Salary and benefits	335,458
Operating expenses	146,717
TOTAL EXPENSES	<u>482,175</u>
Excess of revenues over expenses	<u>\$ -</u>

See independent auditors' report.

COMPLIANCE SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Court Appointed Special Advocates of Travis County (CASA), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 29, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CASA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CASA's internal control. Accordingly, we do not express an opinion on the effectiveness of CASA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CASA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CASA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CASA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Atchley & Associates, LLP*

Austin, Texas  
May 29, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE  
*STATE OF TEXAS SINGLE AUDIT CIRCULAR***

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

**Report on Compliance for Each Major State Program**

We have audited Court Appointed Special Advocates of Travis County's (CASA) compliance with the types of compliance requirements described in the *State of Texas Single Audit Circular* that could have a direct and material effect on CASA's major state program for the year ended December 31, 2014. CASA's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance CASA's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Texas Single Audit Circular*, issued by the Governor's Office of Budget and Planning. Those standards and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about CASA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance the major state program. However, our audit does not provide a legal determination of CASA's compliance.

## **Opinion on Each Major State Program**

In our opinion, CASA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended December 31, 2014.

## **Report on Internal Control Over Compliance**

Management of CASA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CASA's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CASA's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

*Atchley & Associates, LLP*

Austin, Texas  
May 29, 2015

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 Year Ended December 31, 2014

State Grantor Program Title	Term	Award Number	State Expenditures
<b>STATE AWARDS</b>			
<b>STATE OF TEXAS</b>			
Passed Through Office of the Attorney General			
Other Victims Assistance Grant (OVAG)	9/1/13 - 8/31/14	1443654	
	9/1/14 - 8/31/15	1552272	\$ 41,880
<b>STATE OF TEXAS</b>			
Passed Through Texas CASA, Inc.			
Crime Victims Compensation (CVC)	9/1/13 - 8/31/14	CVC-14-05	
	9/1/14 - 8/31/15	CVC-15-06	482,175
Lonestar Proud for Kids (LSP)	1/1/14 - 12/31/14		2,643
			<u>484,818</u>
<b>Total Expenditures of State Awards</b>			<u><u>\$ 526,698</u></u>

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS  
Year Ended December 31, 2014

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state awards includes the state grant activity of CASA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular*; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended December 31, 2014

**I. Summary of Auditors' Results**

	Description
Financial statements	
a. Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
b. Material weakness(es) identified?	None
c. Significant deficiency(ies) that are not considered to be material weaknesses?	None reported
d. Noncompliance material to the financial statements noted?	No
State awards	
Internal control over major programs:	
e. Material weakness(es) identified?	None
f. Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
g. Type of auditors' report issued on compliance for major programs	Unmodified
h. Any audit findings disclosed that are required to be reported in accordance with the <i>State of Texas Single Audit Circular</i> ?	No
i. Major state program(s) were:	
CFDA No.	Name of Program
N/A	State Crime Victims Compensation (CVC)
j. Dollar threshold considered between Type A and Type B state programs:	\$300,000
k. Auditee qualified as low risk?	No

**II. Findings Relating to the Financial Statements which are required to be reported in Accordance with Generally Accepted Government Auditing Standards**

None

**III. Findings and Questioned Costs for State Awards**

None

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
CORRECTIVE ACTION PLAN  
Year Ended December 31, 2014

There were no current year findings. As such, a corrective action plan is not needed.

COURT APPOINTED SPECIAL ADVOCATES OF TRAVIS COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended December 31, 2014

There were no prior year findings.