

**Court Appointed Special Advocates
of Travis County**

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2020 and 2019

Court Appointed Special Advocates of Travis County

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Independent Auditors' Report

To the Board of Directors of
Court Appointed Special Advocates of Travis County:

Report on the Financial Statements

We have audited the accompanying financial statements of Court Appointed Special Advocates of Travis County, which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities, of functional expenses, and of 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free from 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 auditor considers 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 Court Appointed Special Advocates of Travis County as of December 31, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2021 on our consideration of Court Appointed Special Advocates of Travis County'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 solely 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 the effectiveness of Court Appointed Special Advocates of Travis County's 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 Court Appointed Special Advocates of Travis County's internal control over financial reporting and compliance.

Blazek & Vetterling

July 20, 2021

Court Appointed Special Advocates of Travis County

Statements of Financial Position as of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 3,207,394	\$ 1,979,020
Contributions receivable:		
Government grants	380,590	365,538
Other	50,000	23,167
Prepaid expenses and other assets	293,124	187,832
Interest in pooled investments (<i>Note 3</i>)	130,896	117,981
Property and equipment, net (<i>Note 4</i>)	<u>29,470</u>	<u>47,166</u>
TOTAL ASSETS	<u>\$ 4,091,474</u>	<u>\$ 2,720,704</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 50,287	\$ 56,000
Accrued payable benefits	65,827	74,388
Deferred special event revenue	<u>95,687</u>	<u>201,238</u>
Total liabilities	<u>211,801</u>	<u>331,626</u>
Commitments and contingencies (<i>Notes 8 and 9</i>)		
Net assets:		
Without donor restrictions (<i>Notes 5 and 7</i>)	3,732,603	2,290,414
With donor restrictions (<i>Note 6</i>)	<u>147,070</u>	<u>98,664</u>
Total net assets	<u>3,879,673</u>	<u>2,389,078</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,091,474</u>	<u>\$ 2,720,704</u>

See accompanying notes to financial statements.

Court Appointed Special Advocates of Travis County

Statement of Activities for the year ended December 31, 2020

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Contributions:			
Government grants <i>(Note 8)</i>		\$ 2,267,499	\$ 2,267,499
Foundation grants	\$ 1,566,892	250,500	1,817,392
Other	1,135,340	200,000	1,335,340
Special events	1,671,757		1,671,757
Direct donor benefit costs	(308,321)		(308,321)
Net investment return	<u>15,870</u>		<u>15,870</u>
Total revenue	4,081,538	2,717,999	6,799,537
Net assets released from restrictions:			
Program expenditures	<u>2,669,593</u>	<u>(2,669,593)</u>	
Total	<u>6,751,131</u>	<u>48,406</u>	<u>6,799,537</u>
EXPENSES:			
Program	4,294,600		4,294,600
Management and general	353,412		353,412
Fundraising	<u>660,930</u>		<u>660,930</u>
Total expenses	<u>5,308,942</u>		<u>5,308,942</u>
CHANGES IN NET ASSETS			
Net assets, beginning of year	<u>2,290,414</u>	<u>98,664</u>	<u>2,389,078</u>
Net assets, end of year	<u>\$ 3,732,603</u>	<u>\$ 147,070</u>	<u>\$ 3,879,673</u>

See accompanying notes to financial statements.

Court Appointed Special Advocates of Travis County

Statement of Activities for the year ended December 31, 2019

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Contributions:			
Government grants <i>(Note 8)</i>		\$ 2,031,571	\$ 2,031,571
Foundation grants	\$ 842,442	235,003	1,077,445
Other	871,102		871,102
Special events	1,422,905		1,422,905
Direct donor benefit costs	(242,855)		(242,855)
Net investment return	<u>37,051</u>		<u>37,051</u>
Total revenue	2,930,645	2,266,574	5,197,219
Net assets released from restrictions:			
Program expenditures	2,275,417	(2,275,417)	
Expiration of time restrictions	<u>230,917</u>	<u>(230,917)</u>	
Total	<u>5,436,979</u>	<u>(239,760)</u>	<u>5,197,219</u>
EXPENSES:			
Program	4,265,702		4,265,702
Management and general	453,593		453,593
Fundraising	<u>706,534</u>		<u>706,534</u>
Total expenses	<u>5,425,829</u>		<u>5,425,829</u>
CHANGES IN NET ASSETS	11,150	(239,760)	(228,610)
Net assets, beginning of year	<u>2,279,264</u>	<u>338,424</u>	<u>2,617,688</u>
Net assets, end of year	<u>\$ 2,290,414</u>	<u>\$ 98,664</u>	<u>\$ 2,389,078</u>

See accompanying notes to financial statements.

Court Appointed Special Advocates of Travis County

Statement of Functional Expenses for the year ended December 31, 2020

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and benefits	\$ 3,545,760	\$ 268,235	\$ 522,265	\$ 4,336,260
Rent and utilities	287,274	21,357	40,503	349,134
Marketing	123,910	1,030	16,439	141,379
Computer supplies and support	77,870	5,789	10,979	94,638
Professional fees	17,884	43,022	2,959	63,865
Insurance	42,195	3,137	5,949	51,281
Client assistance	43,774			43,774
Travel	34,816	2,588	6,322	43,726
Training	34,705	1,640	3,109	39,454
Dues and subscriptions	19,816	1,473	2,794	24,083
Supplies	16,161	1,201	5,354	22,716
Bank and credit card fees		291	21,528	21,819
Depreciation	14,561	1,082	2,053	17,696
Printing and publications	2,785	108	11,736	14,629
Equipment rental and maintenance	9,501	706	1,340	11,547
Telephone	8,920	663	1,258	10,841
Postage and shipping	4,642	345	655	5,642
Other	<u>10,026</u>	<u>745</u>	<u>5,687</u>	<u>16,458</u>
Total expenses	<u>\$ 4,294,600</u>	<u>\$ 353,412</u>	<u>\$ 660,930</u>	5,308,942
Direct donor benefit costs				<u>308,321</u>
Total				<u>\$ 5,617,263</u>

See accompanying notes to financial statements.

Court Appointed Special Advocates of Travis County

Statement of Functional Expenses for the year ended December 31, 2019

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and benefits	\$ 3,379,945	\$ 345,699	\$ 534,601	\$ 4,260,245
Rent and utilities	276,560	28,284	43,743	348,587
Marketing	75,296		6,450	81,746
Computer supplies and support	86,812	8,879	13,731	109,422
Professional fees	113,291	55,374	1,470	170,135
Insurance	33,901	3,467	5,362	42,730
Client assistance	36,539			36,539
Travel	132,813	1,398	8,812	143,023
Training	41,282	950	1,469	43,701
Dues and subscriptions	13,351	929	4,072	18,352
Supplies	14,676	1,502	41,756	57,934
Bank and credit card fees		457	18,718	19,175
Depreciation	16,646	1,702	2,633	20,981
Printing and publications	9,915	2,479	10,247	22,641
Equipment rental and maintenance	3,671	375	581	4,627
Telephone	8,919	912	1,411	11,242
Postage and shipping	1,790	597	3,581	5,968
Small equipment	2,285	234	361	2,880
Other	18,010	355	7,536	25,901
Total expenses	<u>\$ 4,265,702</u>	<u>\$ 453,593</u>	<u>\$ 706,534</u>	5,425,829
Direct donor benefit costs				<u>242,855</u>
Total				<u>\$ 5,668,684</u>

See accompanying notes to financial statements.

Court Appointed Special Advocates of Travis County

Statements of Cash Flows for the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 1,490,595	\$ (228,610)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	17,696	20,981
Change in interest in pooled investments	(12,915)	(18,384)
Changes in operating assets and liabilities:		
Contributions receivable	(41,885)	267,103
Prepaid expenses and other assets	(105,292)	12,934
Accounts payable and accrued expenses	(14,274)	35,724
Deferred special event revenue	<u>(105,551)</u>	<u>67,983</u>
Net cash provided by operating activities	<u>1,228,374</u>	<u>157,731</u>
NET CHANGE IN CASH	1,228,374	157,731
Cash, beginning of year	<u>1,979,020</u>	<u>1,821,289</u>
Cash, end of year	<u>\$ 3,207,394</u>	<u>\$ 1,979,020</u>
 <i>Supplemental disclosure of cash flow information:</i>		
Proceeds from contributions of marketable securities included in operating activities	\$421,957	

See accompanying notes to financial statements.

Court Appointed Special Advocates of Travis County

Notes to Financial Statements for the years ended December 31, 2020 and 2019

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Court Appointed Special Advocates of Travis County (CASA), a Texas nonprofit corporation, was established in May 1985. CASA promotes and protects the best interest of children who have been abused or neglected, by training volunteers to advocate for them in courts, in schools and in the community to help them find safe, permanent and loving homes.

Federal income tax status – CASA is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash – CASA utilizes an Expanded Bank Deposit Sweep program whereby balances are held in multiple banks in increments of approximately \$250,000 for purposes of coverage under the Federal Deposit Insurance Corporation (FDIC) program. Participating banks reserve the right to require seven days' prior notice of withdrawal. However, bank deposits totaling approximately \$1,450,000 at December 31, 2020 are not covered by the Expanded Bank Deposit Sweep program and exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which promises are received. Amortization of discounts is included in contributions revenue. An allowance for uncollectable receivables is provided when it is believed balances may not be collected in full. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and donor by donor analysis of balances. At December 31, 2020, all contributions receivable are expected to be collected within one year.

Interest in pooled investments is reported at fair value. Changes in fair value of the interest of these pooled investments are included in net investment return.

Property and equipment is reported at cost, if purchased, or at fair value at the date of gift, if donated. Depreciation is calculated using the straight-line method over estimated useful lives of 3 to 7 years. CASA capitalizes additions and improvements that have a tangible future economic life and cost of more than \$2,000.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or used for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before CASA is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. A portion of CASA's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when CASA has incurred expenditures in compliance with specific contract or grant provisions. CASA received cost-reimbursable conditional grants of approximately \$1,700,000 that have not been recognized at December 31, 2020 because qualifying expenditures have not been incurred. At December 31, 2020, CASA has a \$206,000 intent to give from a foundation that will be recognized when received. Contributions from two donors totaled approximately \$1,030,000 or 33% at December 31, 2020.

Special events revenue is recognized when the event occurs. Donor benefits provided at special events represent the cost of goods and services provided to the attendees of an event. Deferred fundraising event revenue represents payments received for events scheduled to occur during the following fiscal year.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. All other allocable costs are allocated based on salary allocation.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. Under this ASU, a lessee should recognize in the statement of financial position a lease liability and a lease asset representing its right to use the underlying asset for the term of the lease for both finance and operating leases. An entity may make an accounting policy election not to recognize lease assets and lease liabilities for leases with a term of 12 months or less. Recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee have not changed significantly. Qualitative and quantitative disclosures are required by lessees and lessors to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. CASA is required to adopt this ASU for fiscal year ending December 31, 2022. Upon adoption, management expects to recognize lease commitments as both a right of use asset and a lease liability in the statement of financial position for commitments that are currently only disclosed in the financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 3,207,394	\$ 1,979,020
Contributions receivable	430,590	388,705
Interest in pooled investments	<u>130,896</u>	<u>117,981</u>
Total financial assets	3,768,880	2,485,706
Less financial assets not available for general expenditure:		
Board-designated endowment investments	(130,896)	(117,981)
Board-designated operating reserve	(1,500,000)	(1,333,250)
Cash restricted for capital additions	<u>(7,352)</u>	<u>(7,352)</u>
Total financial assets available for general expenditure	<u>\$ 2,130,632</u>	<u>\$ 1,027,123</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, CASA considers all expenditures related to its mission and ongoing activities of recruiting, screening, training and supervising volunteers to serve as court-appointed advocates, as well as all expenditures made toward functions that support those activities, to be general expenditures.

The Chief Executive Officer is authorized by the Board of Directors to access and withdraw funds from the reserve account necessary to meet emergency needs, including but not limited to, an operating shortfall affecting payroll, rent or other essential items due to timing of grant payments, unexpected or unavoidable losses in anticipated funding, or other emergencies.

CASA received a Paycheck Protection Program (PPP) loan of \$200,000 in April 2020 through the Small Business Administration. CASA received notice of forgiveness in November 2020 and has recognized these proceeds as restricted contribution revenue.

NOTE 3 – INVESTMENTS

CASA holds an interest in pooled investments managed by Austin Community Foundation (ACF), which allows CASA to invest in a large portfolio of assets with many other investors. Such pooled investments are considered a Level 3 investment because pricing inputs are not observable. The interest in assets of ACF is valued at the fair value as provided by ACF, based on the fair value of the underlying investments.

Changes in the fair value of ACF assets consist of the following:

Balance at January 1, 2019	\$ 99,597
Purchases	1,341
Net appreciation in fair value of interest in assets of ACF	<u>17,043</u>
Balance at December 31, 2019	117,981
Purchases	999
Net appreciation in fair value of interest in assets of ACF	<u>11,916</u>
Balance at December 31, 2020	<u>\$ 130,896</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 93,995	\$ 93,995
Computer equipment	19,604	19,604
Leasehold improvements	17,840	17,840
Software	<u>15,916</u>	<u>15,916</u>
Total property and equipment, at cost	147,355	147,355
Accumulated depreciation	<u>(117,885)</u>	<u>(100,189)</u>
Property and equipment, net	<u>\$ 29,470</u>	<u>\$ 47,166</u>

NOTE 5 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 2,072,237	\$ 792,017
Property and equipment, net	29,470	47,166
Board-designated endowment	130,896	117,981
Board-designated operating reserve	<u>1,500,000</u>	<u>1,333,250</u>
Total net assets without donor restrictions	<u>\$ 3,732,603</u>	<u>\$ 2,290,414</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Teen advocacy and permanency project	\$ 78,695	\$ 16,767
Advocacy program manager	29,166	20,725
Child Advocacy Specialist	22,206	
Client assistance	9,651	
Capital expenditures	7,352	7,352
Other	<u> </u>	<u>13,820</u>
Total subject to expenditure for specified purpose	147,070	58,664
Subject to passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditures until due	<u> </u>	<u>40,000</u>
Total net assets with donor restrictions	<u>\$ 147,070</u>	<u>\$ 98,664</u>

NOTE 7 – ENDOWMENT FUNDS

CASA’s endowment consists of a board-designated fund to support programs and is invested at ACF.

Return Objective and Risk Parameters

The current investment policy and investment objective of CASA is preservation of capital while maintaining an investment yield reasonable for the current environment. The investment pool is a diversified portfolio of fixed income, large cap, small cap and international and alternative strategy investment vehicles which are managed by investment managers. These assets are intended to maximize the investment yield at the lowest level of risk.

Spending Policy

The spending policy allows a maximum of up to 4% of the 20-quarter average of the endowment to be available for distribution.

Changes in endowment net assets are as follows:

	<u>BOARD- DESIGNATED ENDOWMENT</u>
Endowment net assets, January 1, 2019	\$ 99,597
Contributions	1,341
Net investment return	<u>17,043</u>
Endowment net assets, December 31, 2019	117,981
Contributions	999
Net investment return	<u>11,916</u>
Endowment net assets, December 31, 2020	<u>\$ 130,896</u>

NOTE 8 – GOVERNMENT GRANTS

Government grant contributions were recognized from the following sources:

	<u>2020</u>	<u>2019</u>
U. S. Department of Justice	\$ 1,322,177	\$ 1,199,136
Texas Health and Human Services Commission	619,025	585,604
Travis County	110,118	110,415
U. S. Department of Health and Human Services	105,308	15,473
City of Austin	44,496	44,346
Texas Office of Attorney General	42,107	41,146
Other	<u>24,268</u>	<u>35,451</u>
Total government grant contributions	<u>\$ 2,267,499</u>	<u>\$ 2,031,571</u>

CASA receives government grants that require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of noncompliance by CASA with the terms of the contracts. Management believes such disallowances, if any, would not be material to CASA's financial position or changes in net assets.

NOTE 9 – OPERATING LEASES

CASA leases office space and software under non-cancelable leases. Future minimum lease commitments are as follows:

2021	\$ 356,987
2022	352,307
2023	359,093
2024	365,879
2025	<u>91,611</u>
Total	<u>\$ 1,525,877</u>

NOTE 10 – RETIREMENT PLAN

Substantially all employees of CASA are covered by a Simplified Employee Pension defined contribution plan. Employees are eligible to participate in the plan after one year of service if they are at least 21 years of age. CASA contributes 5% of each eligible employee's salary. CASA contributed \$152,577 to the plan during 2020 and \$149,848 to the plan during 2019.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 20, 2021, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.