

**COURT APPOINTED SPECIAL ADVOCATES
OF COLLIN COUNTY, INC.**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Court Appointed Special Advocates of Collin County, Inc.
McKinney, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Court Appointed Special Advocates of Collin County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the audit 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 auditor's 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 the Court Appointed Special Advocates of Collin County, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year 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 basic financial statements of the Court Appointed Special Advocates of Collin County, Inc. taken as a whole. The accompanying supplementary information included in the report is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Court Appointed Special Advocates of Collin County, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2017, on our consideration of the Court Appointed Special Advocates of Collin County, Inc.'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 this 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 the Court Appointed Special Advocates of Collin County, Inc.'s internal control over financial reporting and compliance.



Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

March 8, 2017

COURT APPOINTED SPECIAL ADVOCATES OF COLLIN COUNTY, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

ASSETS	
Cash and Cash Equivalents	\$ 1,245,235
Investments	1,249,449
Grants Receivable	52,891
Prepaid Expenses	49,923
PROPERTY AND EQUIPMENT	
Land	246,009
Building and Improvements	1,032,564
Furniture and Equipment	89,877
Less Accumulated Depreciation	<u>(350,917)</u>
Property and Equipment - Net	<u>1,017,533</u>
 TOTAL ASSETS	 <u>\$3,615,031</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	\$ 13,879
Payroll Liabilities	280
Deferred Revenue	89,476
Total Current Liabilities	<u>103,635</u>
LONG-TERM LIABILITIES	
Accrued Vacation Expense	<u>18,086</u>
Total Long-Term Liabilities	<u>18,086</u>
NET ASSETS	
Unrestricted	<u>3,493,310</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$3,615,031</u>

The Notes to Financial Statements are an integral part of these statements.

COURT APPOINTED SPECIAL ADVOCATES OF COLLIN COUNTY, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and Revenues</u>			
Contributions	\$ 423,748	\$ -	\$ 423,748
Events (net of direct event costs)	476,088	-	476,088
Government Grants	-	416,965	416,965
Other Grants	126,010	-	126,010
Investment Income	61,316	-	61,316
Other	3,248	-	3,248
Net Assets Released from Restrictions: Satisfaction of Usage Restrictions	<u>416,965</u>	<u>(416,965)</u>	<u>-</u>
Total Support and Revenue	1,507,375	-	1,507,375
<u>Expenses</u>			
Program Services	892,016	-	892,016
General and Administrative	81,013	-	81,013
Fundraising Expense	<u>90,979</u>	<u>-</u>	<u>90,979</u>
Total Expenses	1,064,008	-	1,064,008
Change in Net Assets	443,367	-	443,367
Net Assets, beginning of year	<u>3,049,943</u>	<u>-</u>	<u>3,049,943</u>
Net Assets, end of year	<u>\$3,493,310</u>	<u>\$ -</u>	<u>\$ 3,493,310</u>

The Notes to Financial Statements are an integral part of these statements.

COURT APPOINTED SPECIAL ADVOCATES OF COLLIN COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising Expense</u>	<u>Total</u>
Salaries	\$ 573,162	\$ 43,356	\$ 59,859	\$ 676,377
Payroll Taxes	43,110	3,261	4,502	50,873
Employee Benefits	59,032	4,465	6,165	69,662
Total Personnel Costs	675,304	51,082	70,526	796,912
Occupancy Expenses	26,021	1,811	1,754	29,586
Office Expenses	18,157	3,525	1,436	23,118
Conferences, Meetings and Training	44,372	1,812	5,725	51,909
Telephone	10,567	2,052	836	13,455
Insurance	10,855	2,108	858	13,821
Professional Services	14,907	2,894	1,179	18,980
Equipment Expense	26,178	5,083	2,070	33,331
Dues and Subscriptions	3,711	721	293	4,725
Volunteer Training	8,740	1,697	691	11,128
Other Expenses	22,734	4,414	1,797	28,945
Total Expenses Before Depreciation	861,546	77,199	87,165	1,025,910
Depreciation Expense	30,470	3,814	3,814	38,098
Total Expenses	<u>\$ 892,016</u>	<u>\$ 81,013</u>	<u>\$ 90,979</u>	<u>\$ 1,064,008</u>

The Notes to Financial Statements are an integral part of these statements.

COURT APPOINTED SPECIAL ADVOCATES OF COLLIN COUNTY, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 443,367
Adjustments to Reconcile Change in Net Assets to Net Cash Provided From Activities	
Depreciation Expense	38,098
(Increase) decrease in Grants Receivable	8,045
(Increase) decrease in Other Receivable	5,000
(Increase) decrease in Prepaid Expenses	(26,050)
Increase (decrease) in Accounts Payable	(15,324)
Increase (decrease) in Deferred Revenues	49,437
Increase (decrease) in Payroll Liabilities	280
Increase (decrease) in Accrued Vacation Expense	(1,600)
Net Cash Provided From Operating Activities	<u>501,253</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	(26,992)
Purchase of Investments	<u>(399,876)</u>
Net Cash Used By Investing Activities	<u>(426,868)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	74,385
CASH AND CASH EQUIVALENTS	
Beginning of Year	<u>1,170,850</u>
End of Year	<u>\$ 1,245,235</u>

The Notes to Financial Statements are an integral part of these statements.

COURT APPOINTED SPECIAL ADVOCATES OF COLLIN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities and Funding Sources

Court Appointed Special Advocates of Collin County, Inc. (CASA) is a corporation organized under the Texas Non-Profit Corporation Act and was formed in July, 1991 to provide independent volunteer advocate services for children who are involved in the juvenile and family court system and who are currently in substitute care or who are candidates for the foster care system. It may accept only those cases assigned by the courts. Its primary goal is to achieve a permanent living arrangement for each child, which will serve that child's best interests. CASA is a member of both the National and Texas CASA associations.

CASA solicits and receives its funding from a variety of sources including contributions from individuals, corporations, foundations and associations, government grants and contracts, proceeds from sponsored events (such as a golf tournament and Gala), support from state and national CASA organizations and various other sources. For the year ended December 31, 2016, unrestricted Total Revenue and Other Support were raised from the following sources:

Contributions, Grants and Other Support:	2016
Texas CASA	\$ 176,274
Government Grants	171,133
Cities	69,558
Other Grants	126,010
Bingo	26,250
United Way	19,688
Individuals and Other	381,058
Investment Income	61,316
Fundraising Events (net of direct event costs)	476,088
	<u>\$1,507,375</u>

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues and related assets are recognized when earned, and expenses are recognized when the obligation is incurred. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

COURT APPOINTED SPECIAL ADVOCATES OF COLLIN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted assets at December 31, 2016.

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or the nature of any donor stipulations. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending upon the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Gifts of goods or property are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, CASA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Services

A substantial number of volunteers have donated significant amounts of time to advocate services and in fundraising campaigns. During the year ended December 31, 2016, CASA volunteers contributed service hours; however, these donated services are not reflected in the financial statements since the services do not require specialized skills that would typically be purchased if not provided by donation.

Property and Equipment

Property and equipment is stated at cost or, if donated, at the estimated fair value at the date of donation. Expenditures for property and equipment in excess of \$100 are capitalized and lesser amounts are expensed. The building, furniture and equipment are depreciated using straight-line methods over their estimated useful lives of 3 to 30 years.

Federal Income Taxes

CASA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for federal income tax is reflected in the accompanying financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF COLLIN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with maturities at the date of purchase of ninety days or less to be cash equivalents.

NOTE 2. DEFERRED REVENUES

Deferred revenues consist of receipts for the Gala and Golf Tournament to be held in 2017, which were received in advance of the event. These revenues have been deferred and will be matched with the costs of staging the event in 2017.

NOTE 3. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 4. EMPLOYEE BENEFIT PLAN

CASA has a SEP retirement plan covering substantially all employees. The plan does not allow individual contributions by employees. Employer contributions are discretionary and are determined and authorized by the Board of Directors each plan year. CASA contributed \$21,138 to the plan during 2016.

NOTE 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments.

- Cash, cash equivalents, accounts payable and deferred revenue: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of the Organization's financial instruments, none of which are held for trading purposes, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:		
Cash and cash equivalents	\$ 1,245,235	\$ 1,245,235
Investments	1,249,449	1,249,449
Grants Receivable	52,891	52,891
Accounts payable	(13,879)	(13,879)
Payroll liabilities	(280)	(280)
Deferred revenue	(89,476)	(89,476)

Financial instruments are considered Level 1 when their values are determined using quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1, such as quoted prices for similar assets in active or inactive markets, inputs other than quoted prices that are observable for the asset, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

COURT APPOINTED SPECIAL ADVOCATES OF COLLIN COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation.

In accordance with these definitions, the following table represents CASA's fair value hierarchy for its investments measured at fair value as of December 31, 2016:

	Quoted Prices for Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Equity securities	\$ <u>1,249,449</u>	\$ <u>-</u>	\$ <u>1,249,449</u>
Total	\$ <u>1,249,449</u>	\$ <u>-</u>	\$ <u>1,249,449</u>

NOTE 6. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 7. ACCRUED VACATION EXPENSE

Employees of CASA are entitled to paid vacation and paid sick leave depending on job classification and length of service. Only the accrued vacation time is payable upon termination. The liability at December 31, 2016 for unpaid vacation expense was \$18,086, and is recorded as a long term liability on the statement of financial position.

NOTE 8. EVENTS

Events for the year ending December 31, 2016 consisted of the following:

Event Revenue	\$699,314
Less Direct Event Costs	<u>(223,226)</u>
Events (Net of Direct Event Costs)	<u>\$476,088</u>

NOTE 9. SUBSEQUENT EVENTS

Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

COURT APPOINTED SPECIAL ADVOCATES OF COLLIN COUNTY, INC.

SCHEDULE OF TEXAS CASA GRANT AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Texas CASA Grant Year</u>	<u>Grant Amount</u>	<u>Accrued at 12/31/2015</u>	<u>Grant Receipts</u>	<u>Grant Disbursements</u>	<u>Accrued at 12/31/2016</u>
2015-2016	\$ 177,438	\$ 28,537	\$ 147,064	\$ 118,527	\$ -
2016-2017	174,669	-	28,991	57,747	28,756
		<u>\$ 28,537</u>	<u>\$ 176,055</u>	<u>\$ 176,274</u>	<u>\$ 28,756</u>

COURT APPOINTED SPECIAL ADVOCATES OF COLLIN COUNTY, INC.

SCHEDULE OF VOCA GRANT AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>VOCA Grant Year</u>	<u>Grant Amount</u>	<u>Accrued at 12/31/2015</u>	<u>Grant Receipts</u>	<u>Grant Disbursements</u>	<u>Accrued at 12/31/2016</u>
2015-2016	\$ 133,021	\$ 16,974	\$ 99,128	\$ 82,154	\$ -
2016-2017	58,333	-	23,058	41,924	18,866
		<u>\$ 16,974</u>	<u>\$ 122,186</u>	<u>\$ 124,078</u>	<u>\$ 18,866</u>

COURT APPOINTED SPECIAL ADVOCATES OF COLLIN COUNTY, INC.

SCHEDULE OF OVAG GRANT AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>OVAG Grant Year</u>	<u>Grant Amount</u>	<u>Accrued at 12/31/2015</u>	<u>Grant Receipts</u>	<u>Grant Disbursements</u>	<u>Accrued at 12/31/2016</u>
2015-2016	\$ 41,803	\$ 10,450	\$ 38,318	\$ 27,868	\$ -
2016-2017	41,803	-	10,451	13,935	3,484
		<u>\$ 10,450</u>	<u>\$ 48,769</u>	<u>\$ 41,803</u>	<u>\$ 3,484</u>

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**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 Directors
Court Appointed Special Advocates of Collin County, Inc.
McKinney, 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 the Court Appointed Special Advocates of Collin County, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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 March 8, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Court Appointed Special Advocates of Collin County, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Court Appointed Special Advocates of Collin County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Court Appointed Special Advocates of Collin County, Inc.'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 Standards.

Purpose of this Report

The purpose of the 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 the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hankins, Eastup, Deaton, Tonn & Seay
A Professional Corporation
Certified Public Accountants

March 8, 2017