

**CASA OF TARRANT COUNTY, INC.**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2014 and 2013  
with Report of Independent Auditors**

**CASA OF TARRANT COUNTY, INC.**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2014 and 2013**

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## **REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors of  
CASA of Tarrant County, Inc.

We have audited the accompanying financial statements of CASA of Tarrant County, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and changes in net assets, 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. 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 CASA of Tarrant County, Inc. as of December 31, 2014, and the results of its activities and changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matter – 2013 Financial Statements**

The financial statements of CASA of Tarrant County, Inc. as of December 31, 2013, were audited by other auditors whose report dated July 16, 2014, expressed an unmodified opinion on those statements.

*Whitley Penn LLP*

Fort Worth, Texas  
October 21, 2015

**CASA OF TARRANT COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,187,642	\$ 931,317
Contributions and grants receivable	234,500	152,600
Prepaid expenses	12,013	9,304
Property and equipment, net	47,343	58,662
Security deposit	8,114	8,114
Certificate of deposit	100,505	99,549
 Total assets	 \$ 1,590,117	 \$ 1,259,546
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable	\$ 2,571	\$ -
Accrued expenses	45,204	-
Unearned revenue	30,000	30,000
Total liabilities	77,775	30,000
 Commitments and contingencies		
 Net assets:		
Unrestricted	1,364,865	1,096,008
Temporarily restricted	31,679	26,215
Permanently restricted	115,798	107,323
Total net assets	1,512,342	1,229,546
 Total liabilities and net assets	 \$ 1,590,117	 \$ 1,259,546

See accompanying notes to financial statements.

**CASA OF TARRANT COUNTY, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year ended December 31, 2014**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Revenue, gains, and other support:				
Contributions	\$ 552,619	\$ 10,250	\$ 8,475	\$ 571,344
Grants from Texas CASA	542,277	-	-	542,277
Grants from VOCA	132,195	-	-	132,195
Grants from other agencies	96,091	-	-	96,091
Special events	373,737	-	-	373,737
Interest income	1,667	-	-	1,667
Miscellaneous income	20,916	-	-	20,916
Net assets released from restrictions	4,786	(4,786)	-	-
Total revenue, gains, and other support	1,724,288	5,464	8,475	1,738,227
Expenses:				
Program services	1,149,551	-	-	1,149,551
Support services:				
Administration	116,542	-	-	116,542
Fundraising	189,338	-	-	189,338
Total support services	305,880	-	-	305,880
Total expenses	1,455,431	-	-	1,455,431
Changes in net assets	268,857	5,464	8,475	282,796
Net assets at beginning of year	1,096,008	26,215	107,323	1,229,546
Net assets at end of year	\$ 1,364,865	\$ 31,679	\$ 115,798	\$ 1,512,342

See accompanying notes to financial statements.

**CASA OF TARRANT COUNTY, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year ended December 31, 2013**

	<u><b>Unrestricted</b></u>	<u><b>Temporarily Restricted</b></u>	<u><b>Permanently Restricted</b></u>	<u><b>Total</b></u>
Revenue, gains, and other support:				
Contributions	\$ 605,620	\$ 5,485	\$ 6,250	\$ 617,355
Grants from Texas CASA	368,670	-	-	368,670
Grants from National CASA	128,011	-	-	128,011
Grants from other agencies	106,454	-	-	106,454
Special events	316,276	-	-	316,276
In-kind contributions	6,660	-	-	6,660
Interest income	820	-	20	840
Miscellaneous income	2,850	-	-	2,850
Net assets released from restrictions	25,675	(25,675)	-	-
Total revenue, gains, and other support	<u>1,561,036</u>	<u>(20,190)</u>	<u>6,270</u>	<u>1,547,116</u>
Expenses:				
Program services	1,126,199	-	-	1,126,199
Support services:				
Administration	99,530	-	-	99,530
Fundraising	74,984	-	-	74,984
Total support services	<u>174,514</u>	<u>-</u>	<u>-</u>	<u>174,514</u>
Total expenses	<u>1,300,713</u>	<u>-</u>	<u>-</u>	<u>1,300,713</u>
Changes in net assets	260,323	(20,190)	6,270	246,403
Net assets at beginning of year	<u>835,685</u>	<u>46,405</u>	<u>101,053</u>	<u>983,143</u>
Net assets at end of year	<u><u>\$ 1,096,008</u></u>	<u><u>\$ 26,215</u></u>	<u><u>\$ 107,323</u></u>	<u><u>\$ 1,229,546</u></u>

See accompanying notes to financial statements.

**CASA OF TARRANT COUNTY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year ended December 31, 2014**

	<b>Child Advocates Program</b>	<b>Administration</b>	<b>Fund Raising</b>	<b>Total</b>
Salaries	\$ 626,838	\$ 50,371	\$ 122,329	\$ 799,538
Employee benefits	77,145	10,286	15,429	102,860
Payroll taxes	49,576	3,984	9,675	63,235
Total salaries and related expenses	753,559	64,641	147,433	965,633
Professional fees	-	5,000	-	5,000
Training and travel	24,481	-	-	24,481
Other operating expense	62,713	30,236	19,038	111,987
Marketing	36,387	-	7,459	43,846
Fundraising	-	-	1,989	1,989
Special events	104,853	-	4,602	109,455
Volunteer recognition	8,709	536	-	9,245
Office expense	27,950	843	421	29,214
Telephone	4,051	477	238	4,766
Postage	1,371	411	960	2,742
Printing	5,842	323	161	6,326
Occupancy	98,650	11,606	5,803	116,059
Insurance	7,057	830	415	8,302
Total expenses before depreciation	1,135,623	114,903	188,519	1,439,045
Depreciation	13,928	1,639	819	16,386
Total expenses	<u>\$ 1,149,551</u>	<u>\$ 116,542</u>	<u>\$ 189,338</u>	<u>\$ 1,455,431</u>

See accompanying notes to financial statements.



**CASA OF TARRANT COUNTY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year ended December 31, 2013**

	<b>Child Advocates Program</b>	<b>Administration</b>	<b>Fund Raising</b>	<b>Total</b>
Salaries	\$ 633,120	\$ 43,490	\$ 46,945	\$ 723,555
Employee benefits	109,684	6,778	6,881	123,343
Payroll taxes	55,605	3,820	4,123	63,548
Total salaries and related expenses	798,409	54,088	57,949	910,446
Professional fees	-	5,000	-	5,000
Training and travel	6,004	-	-	6,004
Other operating expense	44,803	27,066	4,404	76,273
Marketing	37,126	-	-	37,126
Fundraising	-	-	2,383	2,383
Special events	92,809	-	-	92,809
Volunteer recognition	3,412	-	-	3,412
Office expense	4,509	371	424	5,304
Telephone	4,334	357	408	5,099
Postage	2,581	213	243	3,037
Printing	12,935	-	-	12,935
Occupancy	97,453	8,026	9,173	114,652
In-kind program costs	3,980	-	-	3,980
Insurance	4,478	1,475	-	5,953
Total expenses before depreciation	1,112,833	96,596	74,984	1,284,413
Depreciation	13,366	2,934	-	16,300
Total expenses	<u>\$ 1,126,199</u>	<u>\$ 99,530</u>	<u>\$ 74,984</u>	<u>\$ 1,300,713</u>

See accompanying notes to financial statements.

**CASA OF TARRANT COUNTY, INC.**

**STATEMENTS OF CASH FLOWS**

	<b>Year Ended December 31,</b>	
	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 282,796	\$ 246,403
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	16,386	16,300
Restricted contributions	(18,725)	(11,735)
Bad debt expense	909	-
Changes in net assets and liabilities:		
Grants receivable	(82,809)	9,390
Prepaid expenses	(2,709)	(621)
Accounts payable	2,571	-
Accrued expenses	45,204	-
Net cash provided by operating activities	243,623	259,737
<b>Cash flows from investing activities:</b>		
Increase in restricted endowment	(956)	(11,336)
Purchases of property and equipment	(5,067)	-
Net cash used in investing activities	(6,023)	(11,336)
<b>Cash flows from financing activities:</b>		
Restricted contributions	18,725	11,735
Net cash provided by financing activities	18,725	11,735
Net increase in cash and cash equivalents	256,325	260,136
Cash and cash equivalents at beginning of year	931,317	671,181
Cash and cash equivalents at end year	\$ 1,187,642	\$ 931,317

See accompanying notes to financial statements.

**CASA OF TARRANT COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2014 and 2013**

**A. Nature of Business**

CASA of Tarrant County, Inc. (the “Organization”) was organized in 1983 as a Texas non-profit corporation. The Organization is classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3) and as a non-private organization under Section 509(a)(1) of the Internal Revenue Code of 1986. The primary mission of the Organization is to provide trained volunteers who monitor and represent abused and neglected children in the legal system. The Organization currently has 18 full time employees and over 330 volunteers serving the needs of children in the foster care system of Tarrant County, Texas.

**B. Summary of Significant Accounting Policies**

A summary of the Organization’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**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 (“GAAP”). Under these provisions, 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. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.
- ***Temporarily restricted net assets*** – Net assets subject to donor-imposed stipulations that 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 statements of activities and changes in net assets as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class.
- ***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 related investments for general or specific purposes.

## CASA OF TARRANT COUNTY, INC.

### NOTES TO FINANCIAL STATEMENTS (*continued*)

#### **B. Summary of Significant Accounting Policies – continued**

##### **Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2014 and 2013, the Organization had no such investments. The Organization maintains deposits primarily in three financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Organization has not experienced any losses related to amounts in excess of FDIC limits.

##### **Promises to Give**

Unconditional promises to give are recognized when the donor makes a promise to the Organization that is, in substance, unconditional. The Organization uses the direct write-off method to determine uncollectible unconditional promises receivable. The write off is based on management's analysis of specific promises made. All contributions receivables are deemed to be collectible by management within one year.

##### **Investments**

The Organization follows the provisions of GAAP, which requires investments with readily determinable fair values to be stated at their fair values with unrealized gains and losses from fluctuations in market value included in the statement of activities and changes in net assets of the respective period.

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

Investment gains and losses are accounted for using the average cost basis of the securities sold. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

**CASA OF TARRANT COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**B. Summary of Significant Accounting Policies – continued**

**Endowment Funds**

The Organization follows GAAP for the net asset classification of donor-restricted and board-designated endowment funds.

The Organization has one endowment which provides funding for the Organization. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Management has interpreted GAAP as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the Organization classifies the original value of all endowment gifts as permanently restricted net assets. Accumulated net earnings on endowment funds are classified as unrestricted net assets.

In accordance with GAAP, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund,
- The purposes of the organization and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and the appreciation of investments.

The Organization's primary investment objectives are growth with income and preservation of capital. Management defines risk as the probability of not meeting these objectives. Accordingly, the Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the activities supported by endowments. Under these policies, as approved by the Organization's board of directors, endowment assets are invested in a manner that is intended to minimize risk by being invested in an interest bearing money market account.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Expenditures for normal maintenance and repairs are expensed as incurred. The cost of assets sold or abandoned and the related accumulated depreciation are eliminated from the accounts and any gains or losses are reflected in the statement of activities and changes in net assets of the respective period. The estimated useful lives of property and equipment range from 3 to 15 years.

**CASA OF TARRANT COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**B. Summary of Significant Accounting Policies – continued**

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions.

**Federal Income Taxes**

The Organization is generally exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, as an organization other than a private foundation.

GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2014 and 2013, there were no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Management believes the Organization is no longer subject to income tax examination for years prior to 2011.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Donated assets are recorded at their estimated fair value (as determined by management) at the date of donation. Donated services are recognized as contributions if the services, (a) create or enhance non-financial assets, or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization pays for most services requiring specialized services. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific program functions, campaign solicitations and various other activities that are not recognized as contributions in the financial statements, because the recognition criteria under GAAP were not met.

**CASA OF TARRANT COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**B. Summary of Significant Accounting Policies – continued**

**Advertising Costs**

Advertising costs are expensed as incurred.

**Functional Allocation of Expenses**

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

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

**C. Certificate of Deposit**

Investments consist of an interest bearing money market fund which is considered cash and classified as Level 1 within the valuation hierarchy.

**D. Property and Equipment**

Property and equipment consisted of the following at December 31:

	<b>2014</b>	<b>2013</b>
Equipment	\$ 86,250	\$ 118,318
Office furniture and fixtures	33,750	40,370
Leasehold improvements	10,793	10,793
	130,793	169,481
Less accumulated depreciation	(83,450)	(110,819)
	\$ 47,343	\$ 58,662

**E. Permanently Restricted Net Assets**

The Organization invests the assets restricted for permanent endowment in certificates of deposit with a local bank. The costs basis in the certificate of deposits equals the market value. Once the corpus reaches \$100,000, the interest will be moved to unrestricted net assets.

**CASA OF TARRANT COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**F. Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year.

	<u>2014</u>	<u>2013</u>
CASA Program	\$ 4,786	\$ 19,910
Technology upgrade and fixed assets	-	5,765
	<u>\$ 4,786</u>	<u>\$ 25,675</u>

**G. Temporarily Restricted Net Assets**

Temporarily restricted net assets represent contributions and grants for which the donors have imposed restrictions. Temporarily restricted net assets are available for the following purposes.

	<u>2014</u>	<u>2013</u>
Children's needs fund	\$ 19,679	\$ 19,215
Travel expenses	2,000	2,000
Other	10,000	5,000
	<u>\$ 31,679</u>	<u>\$ 26,215</u>

**H. Employee Benefit Plan**

The Organization has an informal retirement plan covering substantially all employees. Employees are eligible to participate in the plan who have earned at least \$5,000 per year during any two preceding years and who are expected to earn at least \$5,000 in the current year. The Organization offers its employees a matching contribution of up to 3% of compensation. An employee's contributions are made on a pre-tax basis, which effectively lowers their taxable income.

**I. Commitments and Contingencies**

The Organization leases a building and certain office equipment under operating leases. The building lease is leased under an operating lease which ends on December 31, 2020. The Organization also leases certain equipment under non-cancelable operating leases that expire through 2017. Total rental expense was approximately \$123,000 and \$118,000 in 2014 and 2013, respectively.



**CASA OF TARRANT COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**I. Commitments and Contingencies – continued**

Future minimum annual lease obligations, as of December 31, 2014 are as follows:

2015	\$ 87,875
2016	120,392
2017	120,857
2018	119,505
2019	122,190
Thereafter	<u>124,876</u>
Total minimum lease payments	<u>\$ 695,695</u>

**J. Subsequent Events**

In preparing the financial statements, the Organization has evaluated all subsequent events and transactions for potential recognition or disclosure through October 21 2015, the date the financial statements were available for issuance.