

CHILD ADVOCATES SAN ANTONIO

Audited Financial Statements

June 30, 2011

AKIN, DOHERTY, KLEIN & FEUGE, P.C.
Certified Public Accountants

CHILD ADVOCATES SAN ANTONIO
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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Child Advocates San Antonio
San Antonio, Texas

We have audited the accompanying statements of financial position of Child Advocates San Antonio (the Agency) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Advocates San Antonio as of June 30, 2011 and 2010 and the results of its operations, functional expenses, and cash flows for the years then ended in conformity with U. S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

Akin, Doherty, Klein & Feuge, P.C.
San Antonio, Texas
October 10, 2011

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CHILD ADVOCATES SAN ANTONIO
Statements of Financial Position
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current assets:		
Cash and cash equivalents, operating	\$ 204,967	\$ 175,120
Accounts receivable	103,079	98,174
Pledges receivable-net, current portion	<u>51,033</u>	<u>25,392</u>
Total current assets	359,079	298,686
Non-current assets:		
Pledges receivable-net, long-term portion	155,767	150,985
Furniture and equipment, net	45,735	42,244
Deposits	3,600	3,600
Investments:		
Board designated endowment	169,306	152,438
Term endowment - temporarily restricted	<u>313,883</u>	<u>282,610</u>
Total non-current assets	<u>688,291</u>	<u>631,877</u>
Total Assets	<u>\$ 1,047,370</u>	<u>\$ 930,563</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 226	\$ 1,317
Accrued vacation	57,751	52,669
Deferred support	<u>-</u>	<u>11,054</u>
Total current liabilities	57,977	65,040
Net assets:		
Unrestricted:		
Undesignated	214,404	227,028
Board designated	169,306	152,438
Temporarily restricted	<u>605,683</u>	<u>486,057</u>
Total net assets	<u>989,393</u>	<u>865,523</u>
Total Liabilities and Net Assets	<u>\$ 1,047,370</u>	<u>\$ 930,563</u>

See notes to audited financial statements.

CHILD ADVOCATES SAN ANTONIO
Statement of Activities
Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Grant and Contribution Revenues:			
United Way	\$ 136,326	\$ -	\$ 136,326
Kronkosky Foundation	125,000	-	125,000
VOCA	169,944	-	169,944
Texas CASA	228,056	-	228,056
National CASA	109,054	-	109,054
Texas Attorney General's Office	42,942	-	42,942
City of San Antonio	6,250	-	6,250
Other grants and contributions	538,525	120,722	659,247
	<u>1,356,097</u>	<u>120,722</u>	<u>1,476,819</u>
Special Events:			
Festival of Voices, net of expenses of \$18,325	58,267	10,000	68,267
Other Revenues:			
Contributed in-kind services	543,549	-	543,549
Endowment investments:			
Interest and dividends, net of fees	2,547	4,723	7,270
Realized and unrealized gains	14,321	26,550	40,871
	<u>1,974,781</u>	<u>161,995</u>	<u>2,136,776</u>
Expenses			
Program services	1,659,846	-	1,659,846
Supporting services	151,656	-	151,656
Fundraising	201,404	-	201,404
	<u>2,012,906</u>	<u>-</u>	<u>2,012,906</u>
Change in Net Assets	(38,125)	161,995	123,870
Net assets released from restrictions	42,369	(42,369)	-
Net assets at beginning of year	379,466	486,057	865,523
	<u>383,710</u>	<u>605,683</u>	<u>989,393</u>
Net Assets at Year End	<u>\$ 383,710</u>	<u>\$ 605,683</u>	<u>\$ 989,393</u>

See notes to audited financial statements.

CHILD ADVOCATES SAN ANTONIO
Statement of Activities
Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenues			
Grant and Contribution Revenues:			
United Way	\$ 143,486	\$ -	\$ 143,486
Kronkosky Foundation	125,000	-	125,000
VOCA	125,869	-	125,869
Texas CASA	251,733	-	251,733
National CASA	42,446	-	42,446
Texas Attorney General's Office	49,770	-	49,770
City of San Antonio	25,000	-	25,000
Other grants and contributions	505,506	98,098	603,604
	<u>1,268,810</u>	<u>98,098</u>	<u>1,366,908</u>
Special Events:			
Champions for Children, net of expenses of \$16,792	66,599	-	66,599
Other Revenues:			
Contributed in-kind services	391,195	-	391,195
Endowment investments:			
Interest and dividends, net of fees	131	238	369
Realized and unrealized (losses)	(2,814)	(7,166)	(9,980)
	<u>(2,814)</u>	<u>(7,166)</u>	<u>(9,980)</u>
Total support and revenues	1,723,921	91,170	1,815,091
Expenses			
Program services	1,416,720	-	1,416,720
Supporting services	168,301	-	168,301
Fundraising	168,449	-	168,449
	<u>1,753,470</u>	<u>-</u>	<u>1,753,470</u>
Change in Net Assets	(29,549)	91,170	61,621
Net assets released from restrictions	44,671	(44,671)	-
Net assets at beginning of year	364,344	439,558	803,902
	<u>364,344</u>	<u>439,558</u>	<u>803,902</u>
Net Assets at Year End	<u>\$ 379,466</u>	<u>\$ 486,057</u>	<u>\$ 865,523</u>

See notes to audited financial statements.

CHILD ADVOCATES SAN ANTONIO
Statement of Functional Expenses
Year Ended June 30, 2011

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Fundraising</u>	<u>2011 Totals</u>
Salaries	\$ 757,828	\$ 94,728	\$ 94,728	\$ 947,284
Payroll taxes	66,372	8,297	8,297	82,966
Other benefits and payroll expenses	48,019	6,003	6,003	60,025
Pension plan	4,312	539	539	5,390
Advertising	18,718	482	510	19,710
Bad Debt	-	10,374	-	10,374
Bank charges	-	-	1,904	1,904
Board expenses	-	731	-	731
Conference/training	16,403	-	-	16,403
Discretionary funds	1,484	186	186	1,856
Dues	3,383	200	250	3,833
Employee training	2,390	-	760	3,150
Equipment maintenance	11,998	1,500	1,500	14,998
Insurance	9,266	1,159	1,159	11,584
Occupancy	79,432	9,929	9,929	99,290
Postage/delivery	5,207	651	651	6,509
Printing	5,401	675	675	6,751
Professional fees	10,783	10,000	12,000	32,783
Subscriptions	119	-	-	119
Supplies	9,205	1,151	1,151	11,507
Telephone	7,182	898	898	8,978
Travel/mileage	16,697	1,273	742	18,712
Volunteer expense	28,743	-	-	28,743
Other fundraising expenses	-	-	57,852	57,852
Depreciation	13,355	1,670	1,670	16,695
Lexi's Place	-	1,210	-	1,210
Total direct expenses	<u>1,116,297</u>	<u>151,656</u>	<u>201,404</u>	<u>1,469,357</u>
Contributed in-kind services	<u>543,549</u>	<u>-</u>	<u>-</u>	<u>543,549</u>
Total expenses	<u><u>\$ 1,659,846</u></u>	<u><u>\$ 151,656</u></u>	<u><u>\$ 201,404</u></u>	<u><u>\$ 2,012,906</u></u>

See notes to audited financial statements.

CHILD ADVOCATES SAN ANTONIO
Statement of Functional Expenses
Year Ended June 30, 2010

	Program Services	Supporting Services	Fundraising	2010 Totals
Salaries	\$ 691,239	\$ 73,215	\$ 110,387	\$ 874,841
Payroll taxes	56,404	5,974	9,007	71,385
Other benefits and payroll expenses	48,355	5,122	7,722	61,199
Pension plan	3,672	389	586	4,647
Advertising	18,420	1,000	554	19,974
Bad Debt	-	53,534	-	53,534
Bank charges	-	-	1,925	1,925
Board expenses	-	1,783	-	1,783
Conference/training	8,728	-	-	8,728
Discretionary funds	2,953	306	479	3,738
Dues	2,491	70	820	3,381
Employee training	7,206	730	1,186	9,122
Equipment maintenance	12,926	1,309	2,127	16,362
Insurance	6,494	658	1,069	8,221
Occupancy	77,831	7,882	12,808	98,521
Postage/delivery	5,678	575	934	7,187
Printing	5,532	560	910	7,002
Professional fees	-	10,700	-	10,700
Subscriptions	189	19	31	239
Supplies	14,230	1,441	2,342	18,013
Telephone	6,423	650	1,057	8,130
Travel/mileage	18,923	1,038	1,226	21,187
Volunteer expense	24,443	-	-	24,443
Other fundraising expenses	-	-	11,066	11,066
Depreciation	13,388	1,346	2,213	16,947
Total direct expenses	1,025,525	168,301	168,449	1,362,275
Contributed in-kind services	391,195	-	-	391,195
Total expenses	<u>\$ 1,416,720</u>	<u>\$ 168,301</u>	<u>\$ 168,449</u>	<u>\$ 1,753,470</u>

See notes to audited financial statements.

CHILD ADVOCATES SAN ANTONIO
Statements of Cash Flows
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating Activities		
Change in net assets	\$ 123,870	\$ 61,621
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	16,695	16,947
Net (gains) losses on investments	(40,871)	9,690
Change in operating assets and liabilities:		
Accounts receivable	(4,905)	(69,843)
Pledges receivable	(30,423)	(36,357)
Prepaid expenses	-	5,528
Accounts payable and accruals	3,991	377
Deferred support	<u>(11,054)</u>	<u>11,054</u>
Net cash provided (used) by operating activities	57,303	(983)
Investing Activities		
Acquisitions of furniture and equipment	(20,186)	(4,633)
Net change in investments	<u>(7,270)</u>	<u>64,921</u>
Net cash provided (used) by investing activities	<u>(27,456)</u>	<u>60,288</u>
Change in cash and cash equivalents	29,847	59,305
Cash and cash equivalents at beginning of year	<u>175,120</u>	<u>115,815</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 204,967</u></u>	<u><u>\$ 175,120</u></u>
Supplemental Disclosures		
Non-cash contribution of goods, services, hours, and mileage	\$ 543,549	\$ 391,195
Cash paid for interest	-	-
Cash paid for income taxes	-	-

See notes to audited financial statements.

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Child Advocates San Antonio (CASA or the Agency) is a not-for-profit, Texas Corporation established in March 1988. The Agency provides court-appointed volunteers to investigate, advocate for services and make recommendations for safe and permanent placement of assigned children in state protective custody in San Antonio and Bexar County, Texas. The Agency served 1,351 children in fiscal year 2011 and 1,329 children in fiscal year 2010.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CASA and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed restrictions. Board designated net assets represent amounts which require a majority approval from the Board of Directors for release for use.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed restrictions that will be met by actions of CASA 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. Grants received with restrictions, and whose restrictions are met in the same fiscal year, are reported as unrestricted in the statement of activities.

Permanently Restricted Net Assets: Net assets subject to donor-imposed restrictions that require they be maintained permanently by CASA. Generally, the donors of these assets permit CASA to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets at June 30, 2011 and 2010.

Principles Determining Scope of Reporting Entity: The accompanying financial statements have been prepared as of June 30, the fiscal year end of CASA. For contract periods which differ from the fiscal year of CASA, the financial statements include those portions of each grant accrued (earned) during CASA's fiscal year.

Contributions: Contributions are considered unrestricted unless specifically restricted by the donor.

Contributions – United Way: The Agency typically receives an allocated grant on an annual basis from the United Way, covering the Agency's year July 1 to the following June 30. The grant confirmation is generally received from the United Way near the Agency's year end or shortly thereafter, and is recognized as revenue in the year to which the grant applies. The Agency has been advised that its grant for the year July 1, 2011 to June 30, 2012 is \$179,553; accordingly, such amount will be included in revenues in the Agency's fiscal year ended June 30, 2012.

Cash and Cash Equivalents: Cash consists of cash in banks.

Accounts Receivable: Represents the amounts due for program services provided in June and collected in July, as well as other outstanding contributions. Accounts receivable are reported at outstanding principal, net of an allowance for doubtful accounts if deemed necessary. An allowance for doubtful accounts is generally determined based on an account-by-account review. Accounts are charged off when collection efforts have failed and the account is deemed uncollectible. An allowance was not required at June 30, 2011 and 2010. Interest is not charged on the receivables.

Pledges: Pledges are reported net of an allowance for doubtful accounts of approximately \$31,000 at June 30, 2011 and 2010.

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Endowment Investments: Investments in equity securities with readily determinable fair market value and all debt securities are reported at their fair market value. Board designated endowments are considered non-current assets since such investments are not expected to be used in operations during the next year. Term endowments are donor restricted and are non-current assets under their stipulated terms. Generally, endowment investments with donor-imposed restrictions are classified as temporarily or permanently restricted (depending on the nature of the endowment terms) and Board designated endowment investments are classified as unrestricted. Investment interest and dividends are reported net of fees of approximately \$3,000 in 2011 and 2010.

Furniture and Equipment: Furniture and equipment is valued at historical cost or estimated fair value at the date of donation. Expenditures for betterments that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which is generally five to ten years.

Fundraising Costs: The United Way of San Antonio allocation is reported net of related fund-raising expenses. Such expenses, incurred directly by the United Way, amounted to approximately 6.7% of the contribution in 2011 and 5% of the contribution in 2010.

Special Events: Costs associated with Special Events are netted against the related revenues.

Advertising: Advertising costs are expensed as incurred and totaled approximately \$20,000 in 2011 and 2010.

Employee Benefit Plan: The Agency has a 403(b) plan that covers substantially all employees age 18 and over. Employees may contribute a percentage of their annual compensation up to a maximum of \$15,500. The Agency matches a portion of employee's contribution. The Agency contributed \$5,390 in 2011 and \$4,647 in 2010 to the Plan.

Income Taxes: CASA is a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3). Therefore, no provision for income taxes has been provided in these financial statements. In addition, the Agency is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Agency is not subject to Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last 4 years remain subject to examination.

Subsequent Events: Subsequent events have been evaluated by management through the date of the report of the independent auditors. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

New Accounting Pronouncements: Management is not aware of any new accounting pronouncements that have been released, and are not yet effective, which will have a significant impact to its financial position or results of operations in future periods.

Use of Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
June 30, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Concentrations of Credit Risk: Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash and investments. The Agency places its cash and investments (including restricted assets) with financial institutions, and limits the amount of credit exposure, although it may from time to time have cash balances or investments in excess of that insured by the FDIC and SIPC.

NOTE B - GOVERNMENT ASSISTANCE

CASA receives government assistance for certain programs it administers. A description of the programs during the year ended June 30, 2011 is as follows:

<u>Program Description</u>	<u>Federal Funds Received</u>	<u>State Funds Received</u>
Victim Services	\$ 169,944	\$ 42,942
Program Expansion	45,000	-
Volunteer Advocacy Efforts	-	228,056
	<u>\$ 214,944⁽¹⁾</u>	<u>\$ 270,998⁽²⁾</u>

⁽¹⁾ The Agency expended less than \$500,000 in federal funding during the fiscal year ended June 30, 2011. Accordingly, a Single Audit is not required for these expenditures.

⁽²⁾ The Agency expended less than \$500,000 in state funding during the fiscal year ended June 30, 2011. Accordingly, a State Single Audit is not required for these expenditures.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at June 30:

	<u>2011</u>	<u>2010</u>
VOCA	\$ 15,123	\$ 14,962
Texas CASA	23,686	29,774
Charity Ball	-	20,671
Genevieve & Ward Orsinger Foundation	5,000	5,000
Greehey Family Foundation	-	20,000
Texas Attorney General's Office	4,270	3,600
City of San Antonio	-	4,167
AT&T	10,000	-
Harvey E. Najim Family Foundation	40,000	-
Capital One N.A.	5,000	-
	<u>\$ 103,079</u>	<u>\$ 98,174</u>

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
June 30, 2011

NOTE D – PLEDGES RECEIVABLE

Pledges are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. No discount to present value has been recorded on the pledges due to the insignificance of the discount involved.

Pledges receivable consist of the following at June 30:

	<u>2011</u>	<u>2010</u>
Receivable in less than one year	\$ 82,158	\$ 56,517
Receivable in one to five years	<u>155,767</u>	<u>150,985</u>
Total pledges receivable	237,925	207,502
Less allowance for uncollectible promises	<u>(31,125)</u>	<u>(31,125)</u>
Pledges receivable, net of allowance	<u>\$ 206,800</u>	<u>\$ 176,377</u>

NOTE E - FURNITURE AND EQUIPMENT

Furniture and equipment consists of the following at June 30:

	<u>2011</u>	<u>2010</u>
Leasehold improvements	\$ 33,131	\$ 33,131
Furniture and fixtures	48,861	48,861
Office equipment	28,135	11,790
Computer hardware and software	<u>110,179</u>	<u>106,338</u>
Total furniture and equipment	220,306	200,120
Less accumulated depreciation	<u>(174,571)</u>	<u>(157,876)</u>
Furniture and equipment, net	<u>\$ 45,735</u>	<u>\$ 42,244</u>

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
June 30, 2011

NOTE F – ENDOWMENT INVESTMENTS

A rollforward of earnings and losses for endowment investments is as follows for the years ended June 30, 2010 and 2011:

	Board Designated <u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Endowment investments at June 30, 2009	\$ 220,121	\$ 289,538	\$ -	\$ 509,659
Interest and dividends	131	238	-	369
Net realized gains on sales	(319)	(595)	-	(914)
Net unrealized losses	(2,495)	(6,571)	-	(9,066)
Contributions	-	-	-	-
Appropriations	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>
Endowment investments at June 30, 2010	<u>\$ 152,438</u>	<u>\$ 282,610</u>	<u>\$ -</u>	<u>\$ 435,048</u>
Represented as:				
Donor restricted endowment investments	\$ -	\$ 282,610	\$ -	\$ 282,610
Board designated endowment investments	<u>152,438</u>	<u>-</u>	<u>-</u>	<u>152,438</u>
Total endowment investments	<u>\$ 152,438</u>	<u>\$ 282,610</u>	<u>\$ -</u>	<u>\$ 435,048</u>
Endowment investments at June 30, 2010	\$ 152,438	\$ 282,610	\$ -	\$ 435,048
Interest and dividends	2,547	4,723	-	7,270
Net realized gains on sales	6,293	11,667	-	17,960
Net unrealized gains	8,028	14,883	-	22,911
Contributions	-	-	-	-
Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment investments at June 30, 2011	<u>\$ 169,306</u>	<u>\$ 313,883</u>	<u>\$ -</u>	<u>\$ 483,189</u>
Represented as:				
Donor restricted endowment investments	\$ -	\$ 313,883	\$ -	\$ 313,883
Board designated endowment investments	<u>169,306</u>	<u>-</u>	<u>-</u>	<u>169,306</u>
Total endowment investments	<u>\$ 169,306</u>	<u>\$ 313,883</u>	<u>\$ -</u>	<u>\$ 483,189</u>

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
June 30, 2011

NOTE F –ENDOWMENT INVESTMENTS - continued

Interpretation of Relevant Law: The Board of Directors of the Agency has interpreted the State of Texas Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as permanently restricted net assets: (a) the original value of gifts to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Agency. The following factors, among others, are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Agency and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Agency
- 7) The investment policies of the Agency

Funds with Deficiencies: From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Agency to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2011 and 2010.

Return Objectives and Risk Parameters: Endowment assets are invested in a manner that is intended to produce results that equal or exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Agency expects its endowment funds, over time, to provide an average rate of return of approximately 5%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Agency has invested the endowment funds in investments of various risk levels. The Agency maintains a diversified portfolio in an effort to minimize the overall risk of the investments.

Spending Policy and How the Investment Objectives Relate to Spending Policy: On an annual basis, earnings from the donor restricted endowment investments are reported as interest income and may be used by the Agency to help fund operating expenses "for extraordinary needs for which Child Advocates San Antonio cannot identify another funding source." As gifted, the endowment corpus was restricted through June 30, 2007. Beginning July 1, 2007 and each year thereafter, the Board of Directors may elect to use up to 10% of the corpus annually. The corpus of the endowment utilized starting July 1, 2007 is unrestricted. The Board of Directors elected to use \$-0- of endowment funds in the year ending June 30, 2011 and approximately \$65,000 of endowment funds in the year ending June 30, 2010.

The Board designated unrestricted endowment funds are intended for long term investment and may be released by a majority vote of the Board of Directors subject to prior approval of the Finance Committee.

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
June 30, 2011

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30:

<u>Donor/Purpose</u>	<u>Restriction</u>	<u>2011</u>	<u>2010</u>
Term endowment	See Note F	\$ 313,883	\$ 282,610
Walmart	FY 2012	25,000	-
Capital One	FY 2011	-	10,000
AT&T	Time restricted	10,000	-
Harvey E. Najim Family Foundation	Time restricted	40,000	-
Capital One N.A.	Time restricted	5,000	-
Genevieve & Ward Orsinger Foundation	Time restricted	5,000	-
Pledge receivables, net	Future operations	206,800	176,377
Charity Ball	Office Equipment	-	17,070
		<u>\$ 605,683</u>	<u>\$ 486,057</u>

NOTE H – DONATED GOODS AND SERVICES AND CONTRIBUTED FACILITIES

Donated goods, services and volunteer time are reported as “in-kind contributions” by CASA. The value of donated services and volunteer hours is based on an amount determined to be appropriate if individuals were employed by the Agency to perform such services and is recorded as contributed services revenue and expense in the period the services are rendered. The value of contributed services is as follows:

	<u>Hrs/Miles</u>	<u>Amount</u>
<i>Year Ended June 30, 2011:</i>		
Volunteer hours, at \$20/hour	17,517	\$ 350,340
Volunteer mileage, at \$.50 and \$.51/mile	228,218	115,259
Contributed services and other		<u>77,950</u>
Total contributed services		<u>\$ 543,549</u>
<i>Year Ended June 30, 2010:</i>		
Volunteer hours, at \$20/hour	12,550	\$ 251,000
Volunteer mileage, at \$.50/mile	177,329	88,665
Contributed services and other		<u>51,530</u>
Total contributed services		<u>\$ 391,195</u>

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
June 30, 2011

NOTE I - LEASE OBLIGATIONS

The Agency rents office space under a lease agreement effective for the period February 1, 2007 through January 31, 2013. Rental expense amounted to \$79,200 for the years ended June 30, 2011 and 2010.

Future minimum lease payments are as follows:

Year Ending June 30:

2012	\$ 79,200
2013	46,200

NOTE J - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles (GAAP) has established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs are inputs that reflect assumptions of what market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs, as follows:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities;
- Level 2: Quoted prices in active markets for similar assets and liabilities that are observable for the asset or liability; or
- Level 3: Unobservable pricing inputs that are generally less observable from objective sources, such as discounted cash flow models or valuations.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2011 and 2010.

Common Stocks, Corporate Bonds and U.S. Government Securities: Valued at the closing prices reported on the active market which the individual securities are traded.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the plan at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
June 30, 2011

NOTE J – FAIR VALUE MEASUREMENTS - continued

The following table sets forth, by level within the fair value hierarchy, the Agency's investments at fair value as follows:

	Fair Value Measurements Using			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>June 30, 2011</i>				
Cash, Deposits, MMFs	\$ 154,742	\$ -	\$ -	\$ 154,742
Stocks	203,240	-	-	203,240
Corporate Fixed Income	64,198	-	-	64,198
Government Securities	37,226	-	-	37,226
Mutual Funds	<u>23,783</u>	<u>-</u>	<u>-</u>	<u>23,783</u>
Total investments at fair value	<u>\$ 483,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 483,189</u>
 <i>June 30, 2010</i>				
Cash, Deposits, MMFs	\$ 158,925	\$ -	\$ -	\$ 158,925
Stocks	161,519	-	-	161,519
Corporate Fixed Income	63,984	-	-	63,984
Government Securities	<u>50,620</u>	<u>-</u>	<u>-</u>	<u>50,620</u>
Total investments at fair value	<u>\$ 435,048</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 435,048</u>

CHILD ADVOCATES SAN ANTONIO
Supplemental Information
June 30, 2011

CHILD ADVOCATES SAN ANTONIO
Schedule of Texas CASA Awards
Year Ended June 30, 2011

<u>Grantor/ Program Title</u>	<u>Program or Award Amount</u>	<u>(Deferred) Revenue July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>(Deferred) Revenue at June 30, 2011</u>
Texas CASA, Inc.:					
2010 Program CVC-10-56	\$ 254,571	\$ -	\$ 5,946	\$ 5,946	\$ -
2011 Program CVC-11-57	254,489	-	<u>222,110</u>	<u>222,110</u>	-
Total		<u>\$ -</u>	<u>\$ 228,056</u>	<u>\$ 228,056</u>	<u>\$ -</u>

See report of independent auditors.

CHILD ADVOCATES SAN ANTONIO
Schedule of VOCA Awards
Year Ended June 30, 2011

<u>Grantor/ Program Title</u>	<u>Program or Award Amount</u>	<u>(Deferred) Revenue July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>(Deferred) Revenue at June 30, 2011</u>
VOCA Funds:					
2010 Program 17007-05	\$ 140,383	\$ -	\$ 15,788	\$ 15,788	\$ -
2011 Program 17007-06	159,583	-	<u>154,156</u>	<u>154,156</u>	-
Total		<u>\$ -</u>	<u>\$ 169,944</u>	<u>\$ 169,944</u>	<u>\$ -</u>

See report of independent auditors.