



December 23, 2013

Judge Robert Hebert and Ann Werlein
The Commissioners Court of Fort Bend County
301 Jackson Street
Richmond, TX 77469

Dear Judge Hebert and Ann,

On behalf of Child Advocates of Fort Bend, I would like to sincerely thank you for your support in 2013 through the Family Protection Funding grant. Because of your generosity, CAFB was able to make a difference in the lives of so many children in this community through our CASA and CAC programs.

CAFB is respectfully requesting your continued support in the amount of \$16,000 for January to March 2014 to again help fund our CASA and CAC programs so we may continue to provide a voice, heal the hurt and break the cycle of abuse and neglect for children in Fort Bend County. Enclosed is our application packet, financial reporting form and requested attachments. We appreciate the opportunity to submit this request for funding and it is our hope that you will continue to help CAFB fight the tragic cycle of child abuse throughout Fort Bend County.

If funds are granted, Child Advocates of Fort Bend will request monthly reimbursements. We will complete Attachment C monthly and include the appropriate backup documents. Should you have any questions or require any additional documents, please contact me at 281-344-5103 or rmefford@cafb.org.

Thank you for your kind consideration.

Sincerely,

Ruthanne Mefford
Executive Director

Fort Bend County Application Packet for Family Protection Funding

Fort Bend County Commissioners Court has authorized the adoption of a family protection fee set by statute as \$15.00. The fee is collected by the District Clerk at the time a suit for dissolution of a marriage under Chapter 6, Family Code is filed. The Commissioners Court of Fort Bend County is seeking one or more nonprofit organizations located in Fort Bend County to apply for funding. The organization should provide direct services for the prevention or intervention of family violence or the abuse or neglect of a child. An agency that provides services through another third-party, non-profit will not be eligible for the funds. The amount of the grant(s) for FY2014 is \$33,000

Agency Name: Child Advocates of Fort Bend

Address: 5403 Ave. N

City: Rosenberg **State:** Texas **Zip:** 77471 **County:** Fort Bend County

Is your organization a 501 (3)(c): Yes

Employer ID or Tax ID Number: 76-0337426

Project Name: Identification, Treatment and Prevention of Child Abuse

Is the project a new or ongoing part of your organization: Ongoing

Total Project Budget Required: \$283,015.04

Amount Funding Requested: \$16,000

Contact Person: Ruthanne Mefford

Contact Phone: 281-344-5103 **Email:** rmefford@cafb.org

Agency Web Address: www.cafb.org

I. ORGANIZATION BACKGROUND

A. **Mission Statement of the Agency:**

Child Advocates of Fort Bend provides a voice, heals the hurt and breaks the cycle of abuse and neglect for children in Fort Bend County.

B. **Total Number of Paid Staff for the Agency:** 25

C. **Explain how this agency, or a specific project managed by the agency, that will provide direct services qualifies for the Family Protection Account Fee as outlined in the Texas Government Code, Section 51.961 -**

"A service provider who receives funds under Subsection (d) may provide family violence and child abuse prevention, intervention, family strengthening, mental health, counseling, legal, and marriage preservation services to families that are at risk of experiencing or that have experienced family violence or the abuse or neglect of a child."

Child Advocates of Fort Bend was established in 1991 to help minimize the trauma that children face as a result of abuse and get them back on the road to a safe and normal childhood. As the

only agency in Fort Bend County exclusively dedicated to serving abused and neglected children, it is our responsibility to continue to provide services so that every suffering child can receive the help they need now and in the future through our two nationally-affiliated programs, Children's Advocacy Center (CAC) and Court Appointed Special Advocate (CASA) Program.

Our CAC serves as the safe and child-friendly place that alleged victims of sexual and physical abuse are brought by Child Protective Services or law enforcement. Our CAC staff provides an array of services (all free of charge) including forensic interviews, therapy, mental health services, case coordination and criminal court advocacy services. Each of these services aims to help these children and their non-offending family members cope, heal and move forward from the abuse and the trauma that stems from it.

Our CASA Program trains volunteers throughout the community to serve as Guardians ad Litem for children in the care of the child welfare system. These CASA volunteers advocate for the child's "best interests" and ensure his/her needs are being met throughout the time the child is in foster care, provide stability and serve as a positive role model. Our means to achieve this is through specialized, age-specific programs in which volunteers are trained to serve children in each age group. Each of these programs (Infant and Toddler Program, N.E.S.T. and WINGS) incorporate strategies to help these children develop healthy lifestyles, provide mentoring and guidance, equip children and volunteers with specialized resources, implement educational enrichment workshops and help these children find the path to a bright future despite having faced abuse and neglect.

Community awareness is another a critical component of our mission. To prevent the future occurrence of abuse, our community must be informed. Each month, Child Advocates of Fort Bend hosts tours of our building where guests learn about the path a child takes when they come to our office to disclose abuse. In addition, Child Advocates of Fort Bend is continually broadening its reach by making presentations to individuals, businesses, churches, and clubs throughout the community. By equipping members of our community with the ability to recognize the signs and symptoms of abuse, we are giving them the means to take action against abuse by identifying victims. Because only 1 in 10 child victims of abuse come forward, we know that there are many children who have not yet disclosed their abuse, perhaps because they are scared and do not know that there are resources at CAFB to help them. It is our responsibility, as an agency whose very mission is to stand against abuse, to provide a voice for every child suffering from abuse and neglect.

II. PROJECT DETAILS

- A. Describe how your agency plans to utilize these funds and describe the direct services being provided and be as specific as possible.**

The funds will be used to provide the following services to children served in our Court Appointed Special Advocates (CASA) Program and Children's Advocacy Center (CAC). Child Advocates of Fort Bend instills a multidisciplinary approach to ensure that the children we serve are receiving individualized support and services in every way to make their healing process as smooth as possible. Each component of our CAC and CASA Programs are critical in enabling Child Advocates of Fort Bend to continue our mission. These funds will be used to provide Child Advocates of Fort Bend with needed equipment, materials, supplies, personnel costs and administrative overhead as well as help fill funding gaps to ensure the operation of exceptional direct services within the agency's programs including:

Children's Advocacy Center (CAC):

- *Forensic Interviewing:* Upon arrival, children alleged to have been abused are interviewed by a forensic interviewer trained in the interviewing of children. Interviews are recorded so the child only has to tell her story once to prevent re-traumatization.
- *Medical:* We recommend all victims, particularly children who have been sexually abused, receive medical attention (sexual assault exam, as appropriate). We partner with the UT Medical School's CARE Program under the direction of Dr. Rebecca Girardet and follow the strictest protocols with regard to examinations, collection of evidence, and availability to testify in court if subpoenaed. Clients are referred for medical exams to Harris Health System's El Franco Clinic lead by Director of Forensic Nursing Services Dr. Stacey Mitchell and her forensic nursing team.
- *Mental Health Services:* The CAC therapy program offers a variety of the latest therapeutic modalities to child victims and their non-offending family members including play, therapy, group, individual, equine, Eye Movement Desensitization and Reprocessing (EMDR), Trauma-Focused Cognitive Behavioral Therapy (TFCBT), Cognitive Behavioral Therapy (CBT) and incorporate art, music and movement in therapy. This blend of services allows for the children to find a path to healing they are most comfortable with. The therapy component is vital in helping these victims heal internally and plays a major role in helping these families to put their lives back together piece by piece.
- *Victim Advocacy Services:* Social workers, children's services specialists and a court advocate provide extensive support for victims and their non-offending family members with case management, criminal court preparation and accompaniment throughout the duration of their cases. The court process, often lasting 2-3+ years, can be emotionally overwhelming for the child and his/her non-offending family members. The members of our team provide the guidance needed to help make the process as smooth as possible.
- *Bilingual Services:* Our CAC provides specialized services to meet the needs of the growing Spanish-speaking community. To prevent any language and cultural barriers, every service offered in our CAC is also provided in Spanish along with culture-focused

and social resources to help these families heal by way of an environment of which they are comfortable.

- *Case Review:* One of the hallmarks of the multidisciplinary model is that we conduct bi-weekly reviews of all cases. These case reviews enhance the coordination of all members of our team and partner agencies including law enforcement, CPS and attorneys.

Court Appointed Special Advocates (CASA) Program:

- *Infant and Toddler Program:* This program was designed specifically for infants and toddlers, from birth to age five. Because this time is critical in proper development, this program ensures that these children receive appropriate developmental screenings and medical attention. Volunteers are trained to model positive parenting skills and promote positive child-parent visitations. The goal of this program is to expedite services in order to reach a permanency plan for the child as quickly as possible.
- *Nurturing Educational and Social Triumphs (N.E.S.T.):* This program was established to help children (ages 6-13) build strong foundations in education, health, and social interaction and to establish positive behaviors early in life. These children are provided with workshops, events, opportunities and toolkits throughout the year to start them on a path to a successful future.
- *WINGS:* This program focuses on helping teens (ages 14-18+) prepare themselves for independent living when they age out of the foster care system at 18 years old. This program focuses on supporting educational goals including graduating from high school, developing positive connections with three caring adults, and developing a transitional living plan. Throughout the year, these teens participate in workshops where they learn critical life skills and have opportunities to give back to the community and explore post-secondary education opportunities. By developing attainable goals and a plan for their futures, these teens are empowering themselves for successful futures.

Community Outreach/ Public Awareness:

- *Community presence:* Child Advocates of Fort Bend staff will continue to travel around the community and make presentations to as many entities as possible. By providing the public with child abuse fact sheets and other materials, we are making important information about abuse easily accessible and readily available to members of our community.
- *School presence:* Going forward, Child Advocates of Fort Bend plans to focus more community outreach efforts toward schools which will enable us to reach thousands of children, teachers and administrators. Teachers and administrators must be aware of abuse itself, the signs and symptoms, and the steps to take should a child make a

disclosure to them. Our presence will also emphasize and reassure students that there is a safe place they can find help if they are suffering.

- *Child Abuse Awareness Month:* April is nationally known as child abuse awareness month. Each year, at the end of March, Child Advocates of Fort Bend hosts a Light of Hope Ceremony at Sugar Land Town Center to kick-off the upcoming child abuse awareness month. This year, over 500 attendees consisting of girl scouts, elected officials, law enforcement, and members of the community came to partake in the ceremony.
- *Voices for Children Initiative:* Since 2010, Child Advocates of Fort Bend has held an annual breakfast for various members of the community to raise awareness and gain support of our mission. This breakfast helps provide means that are critical to sustaining our programs into the future to ensure that each child has the opportunity to complete their healing process to the fullest.

B. Describe how the funds being requested will be used to provide direct services for the agency's clients or how the funds will be used for a specific project?

In 2013, Child Advocates of Fort Bend served an estimated total of 1300 children and is anticipating an increase of children needing services in 2014 due to the population growth in the county and the increased incidence of child abuse.

Children served in 2013 through CAC services (YTD December 11, 2013)

- Forensic Interviews- 626
- Victim Advocacy Services
 - Criminal Court Advocacy: new clients- 74 (173 total children)
 - Children's Services Coordination: new clients- 353
- Therapy
 - Therapy: new clients- 129
 - Therapy total sessions- 1830
- Bilingual (all three of above services provided to Spanish-speaking/bilingual clients)- 126

Total Children: 1100* (estimate)

*Total children does not reflect total services. Some clients receive multiple services

Children served in 2013 through CASA services (YTD December 11, 2013)

- Infant and Toddler Program- 89
- N.E.S.T. Program- 64
- WINGS Program- 59

Total Children: 218

C. Briefly explain the duties of key staff performing the direct services described in question A. above.

- *CAC Program Director*- Responsible for ensuring service delivery, staffing, and budget
- *CAC Program Assistant*- Responsible for scheduling, data input and coordinating partner participation
- *Children's Services Coordinator*- Responsible for meeting with children and families to provide case management services
- *Forensic Interviewers*- Responsible for conducting interviews of all children brought to CAC
- *Court Advocate*- Responsible for court preparation and court accompaniment for criminal trials
- *Lead Therapist*- Responsible for providing therapy to clients, staffing, and supervision of cases
- *Therapists*- Responsible for providing therapy and counseling services to clients
- *Bilingual Services Specialist*- Responsible for providing children's services coordination to Spanish speaking and bilingual clients
- *Bilingual Therapist*- Responsible for providing therapy services to Spanish speaking and bilingual clients
- *Bilingual Children's Services Coordinator*- Responsible for meeting with children and families to provide case management services
- *CASA Program Director*- Responsible for ensuring service delivery for all CASA children in foster care system/ CPS in Fort Bend County
- *Infant and Toddler Team Leader*- Responsible for managing specialized services for children ages zero to five years old.
- *Volunteer Supervisor*- Responsible for supervising CASA volunteers
- *WINGS Volunteer Team Leader*- Responsible for managing specialized services for children ages 14-18
- *WINGS Volunteer Supervisor*- Responsible for delivering specialized services for children ages 14-18
- *Volunteer Services Team Leader*- Responsible for managing the recruitment, training and retention of program volunteers

- *N.E.S.T. Team Leader*- Responsible for managing specialized services for children ages 6-13

D. Describe your timeline for implementation if these funds are provided under the grant.

We expect implementation of these funds to be utilized within the first three months of 2014 or shortly thereafter as expenses are incurred.

III. FINANCIAL

A. Is a copy of your most current Annual Audit attached? If not, please explain.

Yes, please see attached.

B. Total amount of the request being made to the County: \$16,000

C. Identify any gaps in funding and the sources of funds that might be used for the project if the overall cost of the project is greater than the funds requested.

Remaining gap: \$2,011,000

Other sources of funds:

- Government grants: \$705,000
- Foundations: \$210,000
- Events: \$487,000
- Individual donations: \$206,000
- Other: \$380,000

D. Does your agency have sufficient capital to manage the funds as a reimbursable grant? Yes

E. Does your agency charge a fee for service to the client and if so please explain?

No.

IV. COMMUNITY IMPACT

A. How many individuals will receive services with this funding?

We anticipate 300 clients will benefit from this funding, based on 2013 levels, and adjusted for the first three months of the year.

B. What type of benchmarks will be used to measure the success of the proposed project? Identify an appropriate timeline for attaining these benchmarks.

Measurement metrics and benchmarks:

CASA:

- 100 percent match of a CASA volunteer with every child in foster care
- Placement outcomes for infant and toddlers
- High school graduation rates for WINGS youth
- College enrollment rates for WINGS youth
- Educational and behavior attainment of personal objectives for N.E.S.T. children

CAC

- Forensic interviews for 100 percent of children entering the CAC
- Partner satisfaction with services
- Client satisfaction with services
- Partner participation in multi-disciplinary process
- Client reduction in mental health symptoms (ie: PTSD)

Family Protection Funding Application Evaluation Form – Attachment A

Applicant Name: Child Advocates of Fort Bend

Project Name: Identification, Treatment and Prevention of Child Abuse

CRITERIA

Criteria	Maximum Points	Actual Points
Not located in Fort Bend County	-50	
A total deduction of 10 points will be taken if any required documentation is missing	-10	
Organization Background (10)		
Mission of agency is consistent with Statute requirements.	10	
Project Details (35)		
Project description is consistent with requirements of statute.	20	
The agency timeline for management of the project is realistic.	5	
The agency has sufficient resources and staff to accomplish the goals of the project.	10	
Financial Plan (20)		
The agency has sufficient cash flow to fund the project and request reimbursement OR The agency has sufficient cash flow to fund the project until the proposed benchmarks are achieved	10	
Gaps in funding for the proposed project have been identified.	10	
Community Impact (35)		
Achieving the proposed benchmarks will serve the needs of victims of child abuse, neglect, or family violence.	20	
Is the cost per beneficiary reasonable	15	

Family Protection Funding Application Reporting – Attachment B

ANNUAL REPORT

An annual report will be required by December 30th, following the January of the year in which the grant is awarded.

Briefly describe in a narrative format the goals for the project and the accomplishments to date.

If you set benchmarks for your program, please describe the activities used to reach the target or, describe any impediments to attaining your benchmarks.

Complete the Financial Reporting Form (Attachment C, Excel Spreadsheet) as part of the Annual Report.

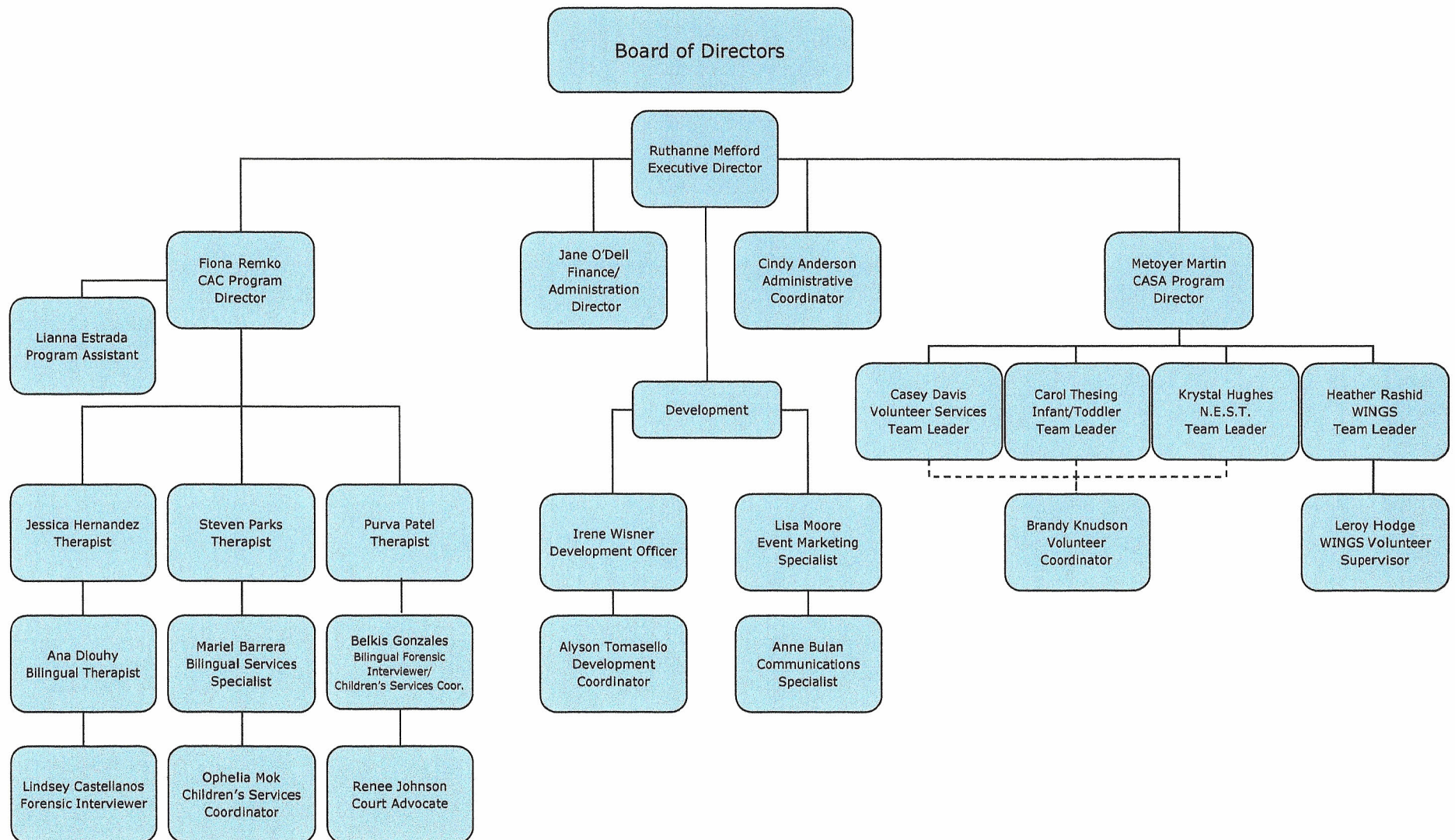
If you have chosen to submit a quarterly or monthly narrative report as part of your reimbursement requests, only complete Attachment C – Financial Report Form as a cumulative of the previously reported months or quarters for the Annual Report.

REIMBURSEMENT

Reimbursement requests may be made monthly, quarterly or annually. An invoice style request or a narrative report can be made to the County Judge Office, but either style will require Attachment C. Appropriate backup of the expenditures (purchase orders, sales receipts, copies of contract or contractor's invoices, etc., must be included with the invoice or report.

If an unanticipated expenditure has occurred during the reporting time frame, make note in the column labeled *Project Funds Expended* on Attachment C with a brief note of explanation. Complete the report by requesting a reimbursement in the column-*Reimbursement Requested*.

Child Advocates of Fort Bend Staff Organizational Chart



Internal Revenue Service

Date: October 11, 2007

FT BEND COUNTY CHILD ADVOCATES INC
% SUSIE MOSELEY
5403 AVENUE N
ROSENBERG TX 77471-5644

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:

Yvette Davis 17-57076
Customer Service Representative

Toll Free Telephone Number:

877-829-5500

Federal Identification Number:

76-0337426

Dear Sir or Madam:

This is in response to your request of October 11, 2007, regarding your organization's tax-exempt status.

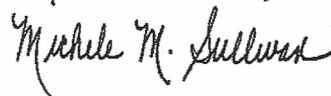
In September 1991 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations 1

Attachment C- Financial Report Form

Direct Services Child Advocates of Fort Bend Budget January - March 2014

[illegible]

Fort Bend County Child Advocates, Inc. and Fort Bend County Child Advocates Endowment, Inc.

Combining Financial Statements
for the Years Ended December 31, 2012 and 2011



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fort Bend County Child Advocates, Inc. and
Fort Bend County Child Advocates Endowment, Inc.
Rosenberg, Texas

Report on the Financial Statements

We have audited the accompanying combining financial statements of Fort Bend County Child Advocates, Inc. and Fort Bend County Child Advocates Endowment, Inc. (collectively the "Organization"), which comprise the combining statements of financial position as of December 31, 2012 and 2011, and the related combining statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

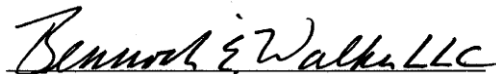
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fort Bend County Child Advocates, Inc. and Fort Bend County Child Advocates Endowment, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Bennoch & Walker LLC". The signature is written in dark ink and is positioned above the printed name of the firm.

Bennoch & Walker LLC
Certified Public Accountants
Houston, Texas

July 31, 2013

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
COMBINING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

	Agency	Endowment	Eliminations	2012 Total	2011 Total
ASSETS					
Cash and cash equivalents	\$ 351,067	\$ 294,394	\$ -	\$ 645,461	\$ 578,371
Certificates of deposit	-	-	-	-	243,615
Grants receivable	76,823	-	-	76,823	69,411
Promises to give	225,594	-	-	225,594	215,296
Prepaid expenses	8,167	-	-	8,167	6,910
Property and equipment, net	2,536,962	-	-	2,536,962	2,639,137
Due from Endowment	263,017	-	(263,017)	-	-
Investments	-	3,128,906	-	3,128,906	2,870,261
TOTAL ASSETS	\$ 3,461,630	\$ 3,423,300	\$ (263,017)	\$ 6,621,913	\$ 6,623,001
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	\$ 9,143	\$ -	\$ -	\$ 9,143	\$ 9,688
Accrued expenses	19,779	-	-	19,779	21,983
Deferred revenue	5,000	-	-	5,000	17,500
Due to Agency	-	263,017	(263,017)	-	-
Total Liabilities	33,922	263,017	(263,017)	33,922	49,171
Net Assets					
Unrestricted	3,315,065	3,160,283	-	6,475,348	6,485,830
Temporarily restricted	112,643	-	-	112,643	88,000
Total Net Assets	3,427,708	3,160,283	-	6,587,991	6,573,830
TOTAL LIABILITIES AND NET ASSETS	\$ 3,461,630	\$ 3,423,300	\$ (263,017)	\$ 6,621,913	\$ 6,623,001

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

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
COMBINING STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Agency	Endowment	Eliminations	2012 Total	2011 Total
Unrestricted Net Assets					
Unrestricted Revenues and Gains					
Contributions	\$ 507,785	\$ -	\$ (188,854)	\$ 318,931	\$ 336,725
Federal and State grants	653,025	-	-	653,025	615,993
Partner reimbursements	112,601	-	-	112,601	103,051
Special fundraising events	494,926	-	-	494,926	426,106
Less: costs of direct benefits to donors	(32,565)	-	-	(32,565)	(37,530)
Other income	8,058	-	-	8,058	10,940
In-kind contributions	550	8,101	-	8,651	20,000
Interest/dividend income	3,009	71,972	-	74,981	80,679
Gain on sale of investments	-	123,382	-	123,382	83,830
Unrealized gain (loss) on investments	-	110,278	-	110,278	(129,531)
Total Unrestricted Revenues and Gains	1,747,389	313,733	(188,854)	1,872,268	1,510,263
Net assets released from restrictions	88,000	-	-	88,000	91,479
Total Unrestricted Revenues and Gains, and Releases from Temporary Restrictions	1,835,389	313,733	(188,854)	1,960,268	1,601,742
Expenses					
Program:					
Contribution to Agency	-	188,854	(188,854)	-	-
Program services	1,485,967	-	-	1,485,967	1,381,580
Total Program	1,485,967	188,854	(188,854)	1,485,967	1,381,580
Supporting Services:					
General and administrative	386,428	10,101	-	396,529	385,838
Fundraising	88,254	-	-	88,254	52,354
Total Supporting Services	474,682	10,101	-	484,783	438,192
Total Expenses	1,960,649	198,955	(188,854)	1,970,750	1,819,772
Change in Net Assets	(125,260)	114,778	-	(10,482)	(218,030)
Temporarily Restricted Net Assets					
Contributions	112,643	-	-	112,643	88,000
Net assets released from restrictions	(88,000)	-	-	(88,000)	(91,479)
Change in Temporarily Restricted Net Assets	24,643	-	-	24,643	(3,479)
Change in Net Assets	(100,617)	114,778	-	14,161	(221,509)
Net Assets, Beginning of Year	3,528,325	3,045,505	-	6,573,830	6,795,339
Net Assets, End of Year	\$ 3,427,708	\$ 3,160,283	\$ -	\$ 6,587,991	\$ 6,573,830

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

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Agency		
	Program	General and Administrative	Fundraising
Payroll			
Salaries	\$ 914,026	\$ 228,506	\$ -
Employees benefits	81,049	20,262	-
Payroll taxes	95,994	23,997	-
Retirement contributions	15,632	3,908	-
Lease expense	29,053	7,263	-
Total Payroll	1,135,754	283,936	-
Other			
Bank Charges	1,927	482	6,138
Bad debts	-	16,867	-
Catering	-	-	1,466
Charitable donations	-	320	-
Conferences and conventions	2,869	717	-
Contracted services	-	400	18,240
Depreciation (note 4)	81,739	20,435	-
Dues and license fees	6,241	1,670	-
E-mail and website expenses	17,292	4,323	-
Equipment and software	20,637	5,159	-
Facilities rental	1,846	450	2,343
Grants to Agency (note 9)	-	-	-
Insurance	25,149	6,287	-
Meals	1,630	247	294
Miscellaneous	269	211	-
Office supplies	12,350	3,087	9,212
Postage	4,389	1,097	1,422
Printing	6,604	1,651	12,193
Professional fees	-	13,044	-
Program supplies	36,127	-	-
Program fees	9,655	-	-
Promotion	993	247	12,403
Repairs and maintenance	35,409	8,852	-
Telephone	14,684	3,472	-
Travel	38,179	5,555	24,543
Training	7,982	1,858	-
Utilities	24,242	6,061	-
Total Other	350,213	102,492	88,254
Total Functional Expenses	\$ 1,485,967	\$ 386,428	\$ 88,254

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

Endowment		Total	Eliminations	Total Expenses	
Program	General and Administrative				
					Payroll
\$ -	\$ -	\$ -	\$ -	\$ 1,142,532	Salaries
-	-	-	-	101,311	Employees benefits
-	-	-	-	119,991	Payroll taxes
-	-	-	-	19,540	Retirement contributions
-	-	-	-	36,316	Lease expense
-	-	-	-	1,419,690	Total Payroll
					Other
-	-	-	-	8,547	Bank Charges
-	-	-	-	16,867	Bad debts
-	-	-	-	1,466	Catering
-	-	-	-	320	Charitable donations
-	-	-	-	3,586	Conferences and conventions
-	-	-	-	18,640	Contracted services
-	-	-	-	102,174	Depreciation (note 4)
-	-	-	-	7,911	Dues and license fees
-	-	-	-	21,615	E-mail and website expenses
-	-	-	-	25,796	Equipment and software
-	-	-	-	4,639	Facilities rental
188,854	-	188,854	(188,854)	-	Grants to Agency (note 9)
-	-	-	-	31,436	Insurance
-	-	-	-	2,171	Meals
-	-	-	-	480	Miscellaneous
-	-	-	-	24,649	Office supplies
-	-	-	-	6,908	Postage
-	-	-	-	20,448	Printing
-	10,101	10,101	-	23,145	Professional fees
-	-	-	-	36,127	Program supplies
-	-	-	-	9,655	Program fees
-	-	-	-	13,643	Promotion
-	-	-	-	44,261	Repairs and maintenance
-	-	-	-	18,156	Telephone
-	-	-	-	68,277	Travel
-	-	-	-	9,840	Training
-	-	-	-	30,303	Utilities
188,854	10,101	198,955	(188,854)	551,060	Total Other
<u>\$ 188,854</u>	<u>\$ 10,101</u>	<u>\$ 198,955</u>	<u>\$ (188,854)</u>	<u>\$ 1,970,750</u>	Total Functional Expenses

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

		Agency	
	Program	General and Administrative	Fundraising
Payroll			
Salaries	\$ 869,575	\$ 217,394	\$ -
Employees benefits	74,856	18,714	-
Payroll taxes	61,803	15,451	-
Retirement contributions	7,318	1,830	-
Lease expense	35,555	8,889	-
Total Payroll	1,049,107	262,278	-
Other			
Bank Charges	-	1,173	6,598
Bad debts	-	11,150	-
Catering	-	-	1,810
Conferences and conventions	3,861	965	-
Contracted services	-	-	4,764
Depreciation (note 4)	82,573	20,643	-
Dues and license fees	6,358	1,590	-
E-mail and website expenses	14,342	3,585	-
Equipment and software	9,208	2,302	412
Facilities rental	3,518	880	-
Grants to Agency (note 9)	-	-	-
Insurance	27,478	6,869	-
Meals	3,789	947	-
Miscellaneous	1,787	447	-
Office supplies	12,376	3,094	4,011
Postage	4,568	1,142	1,490
Printing	5,057	1,264	9,619
Professional fees	-	13,906	-
Program supplies	13,007	-	-
Program fees	13,139	-	-
Repairs and maintenance	38,875	9,719	-
Telephone	14,287	3,572	-
Travel	32,721	8,180	3,650
Training	16,105	4,026	20,000
Utilities	29,424	7,356	-
Total Other	332,473	102,810	52,354
Total Functional Expenses	\$ 1,381,580	\$ 365,088	\$ 52,354

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

Endowment		Total	Eliminations	Total Expenses	
Program	General and Administrative				
					Payroll
\$ -	\$ -	\$ -	\$ -	\$ 1,086,969	Salaries
-	-	-	-	93,570	Employees benefits
-	-	-	-	77,254	Payroll taxes
-	-	-	-	9,148	Retirement contributions
-	-	-	-	44,444	Lease expense
-	-	-	-	1,311,385	Total Payroll
					Other
-	-	-	-	7,771	Bank Charges
-	-	-	-	11,150	Bad debts
-	-	-	-	1,810	Catering
-	-	-	-	4,826	Conferences and conventions
-	-	-	-	4,764	Contracted services
-	-	-	-	103,216	Depreciation (note 4)
-	-	-	-	7,948	Dues and license fees
-	-	-	-	17,927	E-mail and website expenses
-	-	-	-	11,922	Equipment and software
-	-	-	-	4,398	Facilities rental
185,727	-	185,727	(185,727)	-	Grants to Agency (note 9)
-	-	-	-	34,347	Insurance
-	-	-	-	4,736	Meals
-	-	-	-	2,234	Miscellaneous
-	-	-	-	19,481	Office supplies
-	-	-	-	7,200	Postage
-	-	-	-	15,940	Printing
-	20,750	20,750	-	34,656	Professional fees
-	-	-	-	13,007	Program supplies
-	-	-	-	13,139	Program fees
-	-	-	-	48,594	Repairs and maintenance
-	-	-	-	17,859	Telephone
-	-	-	-	44,551	Travel
-	-	-	-	40,131	Training
-	-	-	-	36,780	Utilities
185,727	20,750	206,477	(185,727)	508,387	Total Other
<u>\$ 185,727</u>	<u>\$ 20,750</u>	<u>\$ 206,477</u>	<u>\$ (185,727)</u>	<u>\$ 1,819,772</u>	

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Agency	Endowment	2012 Total	2011 Total
Cash Flows from Operating Activities				
Change in Net Assets	\$ (100,617)	\$ 114,778	\$ 14,161	\$ (221,509)
Adjustments to reconcile change in net assets to net cash from operating activities:				
Unrealized (gain)/loss on investments	-	(110,278)	(110,278)	129,531
Realized (gain)/loss on investments		(123,382)	(123,382)	(83,830)
Depreciation expense	102,175	-	102,175	103,216
Change in operating assets and liabilities				
Federal grants receivable	(22,671)	-	(22,671)	20,942
Promises to give	4,961	-	4,961	(18,120)
Prepaid expenses	(1,257)	-	(1,257)	630
Funds held by Endowment	(263,017)	-	(263,017)	-
Accounts payable	(545)	-	(545)	15
Deferred revenue	(12,500)	-	(12,500)	2,500
Funds held for Agency		263,017	263,017	-
Accrued expenses	(2,204)	-	(2,204)	4,570
Net Cash from Operating Activities	(295,675)	144,135	(151,540)	(62,055)
Cash Flows from Investing Activities				
Interest and dividends reinvested	(3,009)	(71,972)	(74,981)	(79,835)
Proceeds from redemption of certificate of deposits	246,624	-	246,624	-
Purchases of investments	-	(1,096,803)	(1,096,803)	(432,880)
Proceeds from sales of investments	-	1,143,790	1,143,790	654,494
Net Cash from Investing Activities	243,615	(24,985)	218,630	141,779
Net Change in Cash and Cash Equivalents	(52,060)	119,150	67,090	79,724
Cash and Cash Equivalents, Beginning of Year	403,127	175,244	578,371	498,647
Cash and Cash Equivalents, End of Year	\$ 351,067	\$ 294,394	\$ 645,461	\$ 578,371

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

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Fort Bend County Child Advocates, Inc. (the “Agency”) is a not-for-profit enterprise organized for the purpose of working on behalf of child abuse victims through two advocacy programs: Court Appointed Special Advocates (CASA) and The Children's Advocacy Center (CAC). Incorporated in 1991, the Agency's mission is to provide a voice for abused and neglected children in Fort Bend County through the use of specially trained community volunteers and staff. Fort Bend County Child Advocates, Inc. is supported primarily through donor contributions and grants.

Fort Bend County Child Advocates Endowment, Inc. (the “Endowment”) was incorporated in 1998 and funded by Fort Bend County Child Advocates, Inc. in 1999. The Endowment was organized and operates for educational and charitable purposes, and is exclusively for the benefit of Fort Bend County Child Advocates, Inc. (the Supported Organization).

Basis of Accounting – The combining financial statements of the Agency and the Endowment (collectively, the “Organization”) have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Significant intercompany accounts between the combining entities have been eliminated.

Basis of Presentation – The Organization's financial statements are presented in accordance with Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 958-205-45-4, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205-45-4, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets – These are resources that are not subject to donor-imposed stipulations and can be used for the general operations of the Organization. As of December 31, 2012 and 2011, the Organization had \$6,475,348 and \$6,485,830, respectively, of unrestricted resources.

Temporarily restricted net assets – These are resources that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. As of December 31, 2012 and 2011, the Organization had \$112,643 and \$88,000, respectively, of temporarily restricted resources.

Permanently restricted net assets – These are resources that are subject to donor restrictions requiring that the principal be held in perpetuity and any income thereon be used by the Organization. The Organization did not have any permanently restricted net assets as of December 31, 2012 and 2011.

In addition, the Organization is required by FASB ASC 958-205-45-4 to present a statement of cash flows.

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Revenue Recognition – Generally, grants are recognized as revenues when earned. Grants that operate on a reimbursement basis are recognized on the accrual basis as revenues only to the extent of disbursements and commitments that are allowable for reimbursement. Revenues from contributions, donations and other sources are recognized as unrestricted or temporarily restricted revenues when received or unconditionally promised by a third party. Revenues from special events are recognized when the events are held. Interest income is recognized when earned based on passage of time. Program income and other income are recognized when received.

Contributions and Promises to Give – In accordance with FASB ASC 958-605-45-3, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give cash or other assets are not recognized as revenues until received. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions were recognized. All other donor-restricted contributions would be reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. 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.

The Organization uses the allowances method to determine uncollectible unconditional promises receivable. The allowance is based on management's analysis of specific promises made. The Center considers all remaining promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is required.

If amounts become uncollectible, they will be charged to operations when that determination is made. Bad debt expense was \$16,866 and \$11,150 for the years ended December 31, 2012 and 2011, respectively.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The significant estimates included in the financial statements are the estimates of useful lives used for depreciating property and equipment items.

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Cash and Cash Equivalents – The Organization considers all monies in banks and highly liquid investments with maturities of three months or less from the date of purchase to be cash and cash equivalents. The carrying values of any cash and cash equivalents are deemed to approximate their fair values because of the short maturities of those financial instruments.

Property and Equipment – Purchased property and equipment assets are carried at cost. Major additions and betterments equal to or greater than \$1,000 that extend the useful lives of property and equipment are capitalized and charged to the asset accounts while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as restricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method with lives of 3 to 40 years.

Donations – Donations are recorded as contributions at fair value at the date of donation. Such donations are reported as unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as restricted by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Grants Receivable – Grants receivable consist primarily of cost reimbursement requests outstanding at year-end related to various contracts from the State of Texas and other agencies under Federal grant programs.

Contributed Services – The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's purpose. No amounts have been reflected in the combining financial statements for these volunteer services since they do not meet the criteria for recognition under FASB ASC 958-605-25-26, *"Accounting for Contributions Received and Contributions Made"*.

During the years ended December 31, 2012 and 2011, the value of contributed services meeting the requirements for recognition in the financial statements was \$8,650 and \$20,000, respectively.

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Functional Allocation of Expense – Expenses are categorized in the Statement of Activities as program services, fundraising and management and general. The Organization's expenses are allocated on a functional basis among these benefited categories.

Program service expenses include direct and indirect (allocated) expenses for the various programs offered by the Organization. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses, that are common to several functions, are allocated to program services by various reasonable bases.

Income Taxes – The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, (formerly FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109*), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Investments and Investment Income – In accordance with ASC 958-320, *"Accounting for Certain Investments Held by Not for Profit Organizations"* (formerly SFAS No. 124), investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the combining statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Effective July 1, 2008, the Organization adopted the provisions of ASC 820, *"Fair Value Measurements and Disclosures"* (formerly SFAS 157), with respect to its investments. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
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NOTES TO FINANCIAL STATEMENTS
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The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 assets include cash and cash equivalents, money market, and certificates of deposit with a fair value at December 31, 2012 and 2011 of \$645,461 and \$821,986, respectively.
- Level 2 – Inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data. Level 2 assets include mutual and equity funds with a fair value at December 31, 2012 and 2011 of \$3,128,906 and \$2,870,261, respectively.
- Level 3 – Significant unobservable inputs that are supported by little or no market activity.

The asset's 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 are to maximize the use of observable inputs and minimize the use of unobservable inputs.

Advertising – Advertising costs are expensed as incurred.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at a financial institution located in Texas. Interest bearing accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, and non-interest bearing accounts are fully insured. At December 31, 2012 and 2011, the Organization's cash balances were fully insured by the FDIC.

The Organization maintains several certificates of deposits of approximately \$- and \$244,000 as of December 31, 2012 and 2011, respectively, with several financial institutions that are covered by FDIC insurance.

In addition, the Organization has cash held in a brokerage account and may invest amounts, not expected to be immediately needed, in an interest bearing account which is not covered by FDIC insurance. At December 31, 2012 and 2011, the Organization had approximately

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

\$294,000 and \$175,000, respectively, that was not covered by FDIC insurance.

The Organization has not experienced any losses in such accounts and believes the risk of future loss is mitigated by monitoring the balances and the financial institutions where the cash is deposited and investments are made.

The Organization's investments consist of fixed income securities, mutual funds and corporate equities which are held at a brokerage firm. These investments are exposed to several risks, such as interest rates, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Organization's combining financial statements.

NOTE 3 – GRANTS RECEIVABLE

As of December 31, 2012 and 2011, grants receivable consist of the following:

	2012	2011
Federal Financial Assistance		
Criminal Justice Division-CAC VOCA	\$ 19,269	\$ 13,552
Texas CASA-CASA VOCA	11,672	13,975
Fort Bend County CDBG	3,853	1,606
City of Missouri City CDBG	1,985	2,026
City of Sugar Land CDBG	650	1,062
	<u>37,429</u>	<u>32,221</u>
Other governmental financial assistance		
Texas CASA	16,236	17,206
CAC's of Texas, Inc.	23,158	19,984
Texas Attorney General-OVAG	-	-
	<u>39,394</u>	<u>37,190</u>
Total Federal and other governmental financial assistance	<u><u>\$ 76,823</u></u>	<u><u>\$ 69,411</u></u>

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 116,118	\$ 116,118
Buildings and improvements	2,753,719	2,753,719
Office furniture and equipment	<u>293,412</u>	<u>293,413</u>
	3,163,249	3,163,250
Less: accumulated depreciation	<u>(626,287)</u>	<u>(524,113)</u>
Total	<u><u>\$ 2,536,962</u></u>	<u><u>\$ 2,639,137</u></u>

Depreciation expense for the years ended December 31, 2012 and 2011 was \$102,174 and \$103,216, respectively.

NOTE 5 – LONG-TERM INVESTMENTS

Investments are stated at fair value and consist primarily of fixed income securities, mutual funds and corporate equities, as follows:

	<u>2012</u>	
	Quoted Prices in Active Markets for Identical Assets (Level 2)	Unrealized Appreciation
<u>Cost</u>		
Cash held for long-term investment	\$ 294,394	\$ -
Equity funds and other assets	<u>2,854,810</u>	<u>274,096</u>
Totals	<u><u>\$ 3,149,204</u></u>	<u><u>\$ 274,096</u></u>

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

	2011		
	Cost	Quoted Prices in Active Markets for Identical Assets (Level 2)	Unrealized Appreciation
Cash held for long-term investment	\$ 175,244	\$ 175,244	\$ -
Equity funds and other assets	<u>2,697,495</u>	<u>2,870,261</u>	<u>172,766</u>
Totals	<u>\$ 2,872,739</u>	<u>\$ 3,045,505</u>	<u>\$ 172,766</u>

Investment return is summarized as follows:

	2012	2011
Interest and dividend income	\$ 71,972	\$ 79,207
Net realized/unrealized gain/(loss)	<u>233,660</u>	<u>(45,701)</u>
Total Unrestricted Investment Income	<u>\$ 305,632</u>	<u>\$ 33,506</u>

NOTE 6 – LEASES

The Organization is obligated under a non-cancelable operating lease for a copier which expires in June 2015.

Future minimum lease payments over the remainder of the copier lease agreement are as follows:

For the Year Ending 12/31/2013	Amount
2013	\$ 11,952
2014	11,952
2015	<u>5,976</u>
Total	<u>\$ 29,880</u>

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

Total lease expense for the years ended December 31, 2012 and 2011 was \$13,534 and \$12,282, respectively.

NOTE 7 – PARTNERING AGENCIES

In accomplishing its mission, the Organization partners with various State and County agencies whose purpose is to serve the needs of the children of Fort Bend County. These partnering agencies occupy space within the Organization's facility and reimburse the Organization for expenses related to their occupancy such as utilities, repairs and maintenance based on an allocation of expenses determined by the square footage occupied. Currently, monthly reimbursements total \$9,383 and \$9,083 for the years ended December 31, 2012 and 2011, respectively, and are recalculated at the end of each twelve month agreement.

The Organization also had a licensing agreement with the business enterprise located adjacent to its property in which employees of the business enterprise utilized the Organization's parking lot. The agreement was entered into in June 2008 and terminated April 2012; the licensing fee was \$875 per month.

Total reimbursements from partnering agencies and licensing agreements were \$112,601 and \$103,051 for the years ended December 31, 2012 and 2011, respectively.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose and time restrictions:

	<u>2012</u>	<u>2011</u>
CAC Program	\$ 26,725	\$ -
CASA Program	70,918	75,000
Operations	<u>15,000</u>	<u>13,000</u>
Total	<u>\$ 112,643</u>	<u>\$ 88,000</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

The Agency is an affiliate of Children's Advocacy Centers of Texas, Inc. (a State organization). The Agency pays annual affiliation fees to the State organization. The State organization provides the Agency with advocacy, educational opportunities, membership and other

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

supporting services. The Agency paid affiliation fees of \$5,105 and \$3,300 for 2012 and 2011, respectively.

The Endowment gifted the Agency a portion of its investment income totaling \$188,854 and \$185,727 for the years ended December 31, 2012 and 2011, respectively.

The Agency transferred \$263,017 to the Endowment to combine with their investment funds to yield a higher rate of return. The funds are recorded as a due from Endowment on the Agency's books and accordingly, a due to Agency on the Endowment's books.

These intercompany transactions are eliminated in the combining financial statements.

NOTE 10 – EMPLOYEE BENEFITS

The Organization has a defined contribution, salary-reduction 401(k) plan that is available to all of its full-time employees age 21 and over after three months of service. Qualified employees may contribute any portion of their pretax annual compensation to the plan (up to annual statutory limits), and the Organization makes a 50% matching contribution up to 6% of the employee's pretax annual compensation. Such matching contributions are expensed by the Organization. Total accrued matching contributions were \$19,541 and \$21,240 for the years ended December 31, 2012 and 2011, respectively.

NOTE 11 – CONCENTRATIONS

The Organization is dependent on several sources of support and revenue. Grant funds from the State of Texas received directly for child advocacy and received indirectly as a contractor or sub-grantee from pass-through grants from other child advocacy agencies provide approximately thirty-four percent (34%) and thirty-two percent (32%) of the Organization's support for the years ended December 31, 2012 and 2011, respectively. These sources also make up thirty percent (30%) and twenty-seven percent (27%) of the Organization's grants and promises to give receivables for the years ended December 31, 2012 and 2011, respectively. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and activities.

The Organization also conducts two annual fundraisers in Fort Bend County, Texas, which provide approximately twenty-six percent (26%) and twenty-four percent (24%) of its operating revenues for the years ended December 31, 2012 and 2011, respectively. The gross proceeds raised and direct costs of benefits to donors incurred may fluctuate from year-to-year based on economic and other factors.

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NOTE 12 – CONTINGENCIES

The Organization's programs are supported through federal, state, and local grant programs that are governed by various rules and regulations. Expenses charged to the grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the Center has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been made in the accompanying financial statements for such contingencies.

NOTE 13 – ENDOWMENT FUNDS

As of December 31, 2012 and 2011, the Board of Trustees had designated \$3,160,283 and \$3,045,505, respectively, of unrestricted net assets as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Organization has a spending policy of appropriating for distribution each year 5% of its board-designated endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its general endowment fund to grow at an average of 5% annually.

This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the fund if possible.

The Organization expects its Endowment assets to perform based on market conditions and investment decisions. Returns may vary from year to year. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Composition of and changes in endowment net assets for the years ended December 31, 2012 and 2011 were as follows:

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	<u>2012</u>	<u>2011</u>
Board-designated endowment net assets, beginning of year	\$ 3,045,505	\$ 3,199,726
Investment income	71,972	79,207
Net appreciation	233,660	(45,701)
Unrestricted contributions	-	-
Amounts appropriated for expenditure	<u>(190,854)</u>	<u>(187,727)</u>
Board-designated endowment net assets, end of year	<u><u>\$ 3,160,283</u></u>	<u><u>\$ 3,045,505</u></u>

NOTE 14 – PROMISES TO GIVE

Unconditional promises to give consist of the following:

	<u>2012</u>	<u>2011</u>
Voices for Children	\$ 210,334	\$ 188,288
Other	<u>15,260</u>	<u>27,008</u>
Total Unconditional Promises to Give	<u><u>\$ 225,594</u></u>	<u><u>\$ 215,296</u></u>

The present value of cash flows from promises to give does not vary significantly from the stated value; therefore, no discount has been recorded.

	<u>2012</u>	<u>2011</u>
Amounts due in:		
Less than one year	\$ 100,709	\$ 93,836
One to five years	<u>124,885</u>	<u>121,460</u>
Total	<u><u>\$ 225,594</u></u>	<u><u>\$ 215,296</u></u>

During the year ended December 31, 2011, the Organization was awarded a conditional promise to give in the amount of \$48,750. As the promise to give is conditional and is dependent on several other factors for the Organization to receive the grant award funds, no amount has been recorded in the financial statements as of December 31, 2011.

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NOTE 15 – RECLASSIFICATIONS

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 presentation.

NOTE 16 – SUBSEQUENT EVENTS

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account no longer will receive unlimited deposit insurance coverage by the Federal Deposit Insurance Corporation (FDIC). Beginning January 1, 2013, all of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category.

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 31, 2013, the date the financial statements were available to be issued. No change to the financial statements for the year ended December 31, 2012 is deemed necessary as a result of this evaluation.

ADDITIONAL INFORMATION

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
SCHEDULE OF TEXAS CASA, INC. – VOCA FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

<u>Grantor/ Program Title</u>	<u>Grant Period</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>2012 Current Year Expenditures</u>	<u>2011 Prior Year Expenditures</u>
VOCA - CASA	9/01/2012-8/30/2013	13647-13	\$ 77,461	\$ 18,222	\$ -
	9/01/2011-8/30/2012	13647-12	\$ 85,829	56,477	29,352
	9/01/2010-8/30/2011	13647-11	\$ 79,918	-	52,930
TOTAL EXPENDITURES FOR VOCA - CASA GRANT FUNDS				<u>\$ 74,699</u>	<u>\$ 82,282</u>

See independent auditors' report

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
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SCHEDULE OF TEXAS CASA CVC/OAG GRANT AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

<u>Grantor/ Program Title</u>	<u>Grant Period</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>2012 Current Year Expenditures</u>	<u>2011 Prior Year Expenditures</u>
CVC/OAG FUND	9/01/2012-8/31/2013	CVC-13-55	\$ 114,607	\$ 44,475	\$ -
	9/01/2011-8/31/2012	CVC-12-54	\$ 118,568	80,183	38,385
	9/01/2010-8/31/2011	CVC-11-54	\$ 118,029	-	78,731
TOTAL EXPENDITURES FOR CVC/OAG GRANT FUNDS				<u>\$ 124,658</u>	<u>\$ 117,116</u>

See independent auditors' report