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

Combining Financial Statements
for the Year Ended December 31, 2015
(with comparative totals for 2014)

BENNOCH & WALKER LLC
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

BENNOCH & WALKER LLC
CERTIFIED PUBLIC ACCOUNTANTS

16225 Park Ten Place
Ste. 500
Houston, TX 77084
PH: 832.387.7816
www.nonprofitacctg.com

INDEPENDENT AUDITORS' 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 statement of financial position as of December 31, 2015, and the related combining statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Auditors' 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, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2014 combining financial statements, and we expressed an unmodified audit opinion on those audited combining financial statements in our report dated July 9, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited combining financial statements from which it has been derived.

Bennoch & Walker LLC

Bennoch & Walker LLC
Certified Public Accountants
Houston, Texas

June 7, 2016

FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.

COMBINING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 (with comparative totals for 2014)

	Agency	Endowment	Eliminations	2015 Total	2014 Total
ASSETS					
Cash and cash equivalents	$ 589,832	$ 647,338	$ -	$ 1,237,170	$ 1,422,724
Grants receivable	154,299	-	-	154,299	138,466
Promises to give	613,480	-	-	613,480	575,799
Prepaid expenses	23,243	-	-	23,243	16,779
Property and equipment, net	2,365,050	-	-	2,365,050	2,367,413
Due from Endowment	713,017	-	(713,017)	-	-
Investments	-	3,381,173	-	3,381,173	3,400,109
TOTAL ASSETS	$ 4,458,921	$ 4,028,511	$ (713,017)	$ 7,774,415	$ 7,921,290
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	$ 4,343	$ -	$ -	$ 4,343	$ 11,998
Accrued expenses	45,371	-	-	45,371	31,703
Deferred revenue	-	-	-	-	5,500
Due to Agency	-	713,017	(713,017)	-	-
Total Liabilities	49,714	713,017	(713,017)	49,714	49,201
Net Assets					
Unrestricted	4,196,771	3,315,494	-	7,512,265	7,525,589
Temporarily restricted	212,436	-	-	212,436	346,500
Total Net Assets	4,409,207	3,315,494	-	7,724,701	7,872,089
TOTAL LIABILITIES AND NET ASSETS	$ 4,458,921	$ 4,028,511	$ (713,017)	$ 7,774,415	$ 7,921,290

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 ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

	Agency	Endowment	Eliminations	2015 Total	2014 Total
Unrestricted Net Assets					
Unrestricted Revenues and Gains					
Contributions and grants	$ 920,003	$ -	$ (202,025)	$ 717,978	$ 824,944
Federal and State grants	797,325	-	-	797,325	748,855
Partner reimbursements	126,810	-	-	126,810	122,115
Special fundraising events	579,095	-	-	579,095	595,021
Less: costs of direct benefits to donors	(58,103)	-	-	(58,103)	(40,904)
In-kind contributions	950	29,284	-	30,234	23,941
Interest/dividend income	225	55,621	-	55,846	45,971
Gain on sale of investments	-	105,378	-	105,378	124,143
Unrealized gain (loss) on investments	-	(171,789)	-	(171,789)	(42,662)
Total Unrestricted Revenues and Gains	2,366,305	18,494	(202,025)	2,182,774	2,401,424
Net assets released from restrictions	352,281	-	-	352,281	125,041
Total Unrestricted Revenues and Gains, and Releases from Temporary Restrictions	2,718,586	18,494	(202,025)	2,535,055	2,526,465
Expenses					
Program:					
Contribution to Agency	-	202,025	(202,025)	-	-
Program services	1,909,553	-	-	1,909,553	1,608,692
Total Program	1,909,553	202,025	(202,025)	1,909,553	1,608,692
Supporting Services:					
General and administrative	487,673	28,450	-	516,123	418,757
Fundraising	122,704	-	-	122,704	127,848
Total Supporting Services	610,377	28,450	-	638,827	546,605
Total Expenses	2,519,930	230,475	(202,025)	2,548,380	2,155,297
Change in Net Assets	198,656	(211,981)	-	(13,325)	371,168
Temporarily Restricted Net Assets					
Contributions	218,218	-	-	218,218	346,500
Net assets released from restrictions	(352,281)	-	-	(352,281)	(125,041)
Change in Temporarily Restricted Net Assets	(134,063)	-	-	(134,063)	221,459
Change in Net Assets	64,593	(211,981)	-	(147,388)	592,627
Net Assets, Beginning of Year	4,344,614	3,527,475	-	7,872,089	7,279,462
Net Assets, End of Year	$ 4,409,207	$ 3,315,494	$ -	$ 7,724,701	$ 7,872,089

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, 2015

	Agency			
	Program	General and Administrative	Fundraising	Total
Payroll				
Salaries	$ 1,248,725	$ 312,181	$ -	$ 1,560,906
Employee benefits	134,135	33,534	-	167,669
Payroll taxes	88,452	22,113	-	110,565
Retirement contributions	30,136	7,534	-	37,670
Payroll services	14,688	3,672	-	18,360
Total Payroll	1,516,136	379,034	-	1,895,170
Other				
Bank charges	1,966	492	10,957	13,415
Bad debts	-	18,440	-	18,440
Contracted services	950	-	23,166	24,116
Depreciation (note 4)	69,996	16,696	-	86,692
Dues and license fees	7,179	1,779	-	8,958
E-mail and website expenses	19,535	431	-	19,966
Equipment and software	49,672	18,434	-	68,106
Facilities rental	2,281	570	163	3,014
Grants to Agency (note 9)	-	-	-	-
Insurance	21,177	5,294	-	26,471
Meals	1,123	225	73	1,421
Miscellaneous	3,259	1,401	3,245	7,905
Office supplies	17,782	4,446	42,581	64,809
Postage	5,576	1,394	1,985	8,955
Printing	695	174	13,861	14,730
Promotion	8,016	1,930	3,400	13,346
Professional fees	12,412	3,103	-	15,515
Program supplies	38,963	3,297	-	42,260
Program fees	-	5,546	-	5,546
Repairs and maintenance	32,617	8,154	-	40,771
Telephone	13,904	4,158	-	18,062
Travel	44,304	2,272	23	46,599
Training	16,431	4,008	23,250	43,689
Utilities	25,579	6,395	-	31,974
Total Other	393,417	108,639	122,704	624,760
Total Functional Expenses	$ 1,909,553	$ 487,673	$ 122,704	$ 2,519,930

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

Endowment					
Program	General and Administrative	Total	Eliminations	Total Expenses	
					Payroll
$ -	$ -	$ -	$ -	$ 1,560,906	Salaries
-	-	-	-	167,669	Employee benefits
-	-	-	-	110,565	Payroll taxes
-	-	-	-	37,670	Retirement contributions
-	-	-	-	18,360	Payroll services
-	-	-	-	1,895,170	Total Payroll
					Other
-	-	-	-	13,415	Bank charges
-	-	-	-	18,440	Bad debts
-	-	-	-	24,116	Contracted services
-	-	-	-	86,692	Depreciation (note 4)
-	-	-	-	8,958	Dues and license fees
-	-	-	-	19,966	E-mail and website expenses
-	-	-	-	68,106	Equipment and software
-	-	-	-	3,014	Facilities rental
202,025	-	202,025	(202,025)	-	Grants to Agency (note 9)
-	-	-	-	26,471	Insurance
-	-	-	-	1,421	Meals
-	-	-	-	7,905	Miscellaneous
-	-	-	-	64,809	Office supplies
-	-	-	-	8,955	Postage
-	-	-	-	14,730	Printing
				13,346	Promotion
-	28,450	28,450	-	43,965	Professional fees
-	-	-	-	42,260	Program supplies
-	-	-	-	5,546	Program fees
-	-	-	-	40,771	Repairs and maintenance
-	-	-	-	18,062	Telephone
-	-	-	-	46,599	Travel
-	-	-	-	43,689	Training
-	-	-	-	31,974	Utilities
202,025	28,450	230,475	(202,025)	653,210	Total Other
$ 202,025	$ 28,450	$ 230,475	$ (202,025)	$ 2,548,380	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, 2014

	Agency			
	Program	General and Administrative	Fundraising	Total
Payroll				
Salaries	$ 989,563	$ 247,389	$ -	$ 1,236,952
Employee benefits	97,709	24,427	-	122,136
Payroll taxes	72,553	18,138	-	90,691
Retirement contributions	20,095	5,024	-	25,119
Payroll services	12,880	3,220	-	16,100
Total Payroll	1,192,800	298,198	-	1,490,998
Other				
Bank charges	1,480	370	11,205	13,055
Bad debts	-	10,270	-	10,270
Conferences and conventions	1,414	353	-	1,767
Contracted services	-	-	9,391	9,391
Depreciation (note 4)	76,191	19,048	-	95,239
Dues and license fees	7,361	1,634	-	8,995
E-mail and website expenses	15,721	3,930	-	19,651
Equipment and software	48,133	12,033	-	60,166
Facilities rental	2,136	534	10,423	13,093
Grants to Agency (note 9)	-	-	-	-
Insurance	22,040	5,510	-	27,550
Meals	919	225	312	1,456
Miscellaneous	6,076	1,466	250	7,792
Office supplies	13,882	3,470	29,232	46,584
Postage	5,585	1,396	1,603	8,584
Printing	5,828	1,457	11,732	19,017
Promotion	14,835	3,661	4,595	23,091
Professional fees	14,650	4,150	-	18,800
Program supplies	33,071	2,004	9,105	44,180
Program fees	11,382	-	-	11,382
Repairs and maintenance	43,318	10,830	-	54,148
Telephone	15,280	3,644	-	18,924
Travel	41,279	2,010	-	43,289
Training	8,894	1,969	40,000	50,863
Utilities	26,417	6,604	-	33,021
Total Other	415,892	96,568	127,848	640,308
Total Functional Expenses	$ 1,608,692	$ 394,766	$ 127,848	$ 2,131,306

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

Endowment					
Program	General and Administrative	Total	Eliminations	Total Expenses	
					Payroll
$ -	$ -	$ -	$ -	$ 1,236,952	Salaries
-	-	-	-	122,136	Employee benefits
-	-	-	-	90,691	Payroll taxes
-	-	-	-	25,119	Retirement contributions
-	-	-	-	16,100	Payroll services
-	-	-	-	1,490,998	Total Payroll
					Other
-	-	-	-	13,055	Bank charges
-	-	-	-	10,270	Bad debts
-	-	-	-	1,767	Conferences and conventions
-	-	-	-	9,391	Contracted services
-	-	-	-	95,239	Depreciation (note 4)
-	-	-	-	8,995	Dues and license fees
-	-	-	-	19,651	E-mail and website expenses
-	-	-	-	60,166	Equipment and software
-	-	-	-	13,093	Facilities rental
192,851	-	192,851	(192,851)	-	Grants to Agency (note 9)
-	-	-	-	27,550	Insurance
-	-	-	-	1,456	Meals
-	-	-	-	7,792	Miscellaneous
-	-	-	-	46,584	Office supplies
-	-	-	-	8,584	Postage
-	-	-	-	19,017	Printing
				23,091	Promotion
-	23,991	23,991	-	42,791	Professional fees
-	-	-	-	44,180	Program supplies
-	-	-	-	11,382	Program fees
-	-	-	-	54,148	Repairs and maintenance
-	-	-	-	18,924	Telephone
-	-	-	-	43,289	Travel
-	-	-	-	50,863	Training
-	-	-	-	33,021	Utilities
192,851	23,991	216,842	(192,851)	664,299	Total Other
$ 192,851	$ 23,991	$ 216,842	$ (192,851)	$ 2,155,297	Total Functional Expenses

FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.

COMBINING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

	Agency	Endowment	2015 Total	2014 Total
Cash Flows from Operating Activities				
Change in Net Assets	$ 64,593	$ (211,981)	$ (147,388)	$ 592,627
Adjustments to reconcile change in net assets to net cash from operating activities:				
Unrealized (gain)/loss on investments	-	171,789	171,789	42,662
Realized (gain)/loss on investments		(105,378)	(105,378)	(124,143)
Depreciation expense	86,692	-	86,692	95,239
Change in operating assets and liabilities				
Grants receivable	(15,833)	-	(15,833)	(41,589)
Promises to give	(37,681)	-	(37,681)	(140,351)
Prepaid expenses	(6,464)	-	(6,464)	(9,406)
Funds held by Endowment	(200,000)	-	(200,000)	(250,000)
Accounts payable	(7,655)	-	(7,655)	2,232
Accrued expenses	13,668		13,668	(457)
Deferred revenue	(5,500)	-	(5,500)	500
Funds held for Agency	-	200,000	200,000	250,000
Net Cash from Operating Activities	(108,180)	54,430	(53,750)	417,314
Cash Flows from Investing Activities				
Purchases of property and equipment	(84,329)	-	-	-
Interest and dividends reinvested	-	(55,621)	(55,621)	(45,832)
Purchases of investments	-	1,046,890	1,046,890	(1,122,239)
Proceeds from sales of investments	-	(1,038,744)	(1,038,744)	1,142,902
Net Cash from Investing Activities	(84,329)	(47,475)	(47,475)	(25,169)
Net Change in Cash and Cash Equivalents	(192,509)	6,955	(185,554)	382,364
Cash and Cash Equivalents, Beginning of Year	782,341	640,383	1,422,724	1,040,360
Cash and Cash Equivalents, End of Year	$ 589,832	$ 647,338	$ 1,237,170	$ 1,422,724

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

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:

<u>Unrestricted net assets</u> – 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, 2015 and 2014, the Organization had $7,512,265 and $7,525,589, respectively, of unrestricted resources.

<u>Temporarily restricted net assets</u> – 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, 2015 and 2014, the Organization had $212,436 and $346,500, respectively, of temporarily restricted resources.

<u>Permanently restricted net assets</u> – 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, 2015 and 2014.

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

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 Organization 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 $18,440 and $10,270 for the years ended December 31, 2015 and 2014, 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.

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 $5,000 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, 2015 and 2014, the value of contributed services meeting the requirements for recognition in the financial statements was $30,234 and $23,941, respectively.

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.

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 I – 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 2 – Inputs other than quoted prices included in Level I, 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 3 – Significant unobservable inputs that are supported by little or no market activity.

All cash, cash equivalents and investments held by the Organization as of December 31, 2015 and 2014 were Level 1. 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

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount ($250,000), for each deposit insurance ownership category. Additionally, cash and securities held by a customer at a Security Investor Protection Corporation (SIPC) member brokerage firm are protected up to $500,000, which includes a limit of $250,000 for cash.

The Organization maintains cash balances at a financial institution located in Texas. At December 31, 2015 and 2014, the Organization had approximately $364,000 and $524,000, respectively, of cash balances that were not insured by the FDIC. 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.

The Organization's investments amount to $4,028,511 and $4,040,492 at December 31, 2015 and 2014, respectively, and consist of cash held for long-term investment, fixed income securities, mutual funds and corporate equities which are held at a brokerage firm. Investments in excess of the SIPC limit amounts to $3,249,661 and $3,005,265 at December 31, 2015 and 2014, respectively. 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, 2015 and 2014, grants receivable consist of the following:

	2015	2014
Federal Financial Assistance		
Criminal Justice Division-CAC VOCA	$ 31,124	$ 17,050
VOCA	12,375	11,804
Fort Bend County CDBG	5,745	6,296
City of Missouri City CDBG	1,649	1,719
City of Sugar Land CDBG	1,782	2,269
	52,675	39,138
Other governmental financial assistance		
Texas CASA	24,502	24,151
CAC's of Texas, Inc.	24,161	18,768
Texas Attorney General-OVAG	-	6,409
	48,663	49,328
Total Federal and other governmental financial assistance	$ 101,338	$ 88,466
Other Private Grants		
Dunn Foundation	50,000	-
Houston Endowment	-	50,000
Other	2,961	-
Total Other Private Grants	52,961	50,000
Total grants receivable	$ 154,299	$ 138,466

All grants receivable are due within one year.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2015	2014
Land	$ 116,118	$ 116,118
Buildings and improvements	2,845,439	2,761,109
Office furniture and equipment	313,789	313,790
	3,275,346	3,191,017
Less: accumulated depreciation	(910,296)	(823,604)
Total	$ 2,365,050	$ 2,367,413

Depreciation expense for the years ended December 31, 2015 and 2014 was $87,495 and $95,239, respectively.

NOTE 5 – LONG-TERM INVESTMENTS

Investments for the years ended December 31, 2015 and 2014 are stated at fair value and consist primarily of fixed income securities, mutual funds and corporate equities, as follows:

	2015		
	Cost	Quoted Prices in Active Markets for Identical Assets (Level 1)	Unrealized Appreciation
Cash held for long-term investment	$ 647,338	$ 647,338	$ -
Equity funds and other assets	3,085,439	3,381,173	295,734
Totals	$ 3,732,777	$ 4,028,511	$ 295,734

	2014		
	Cost	Quoted Prices in Active Markets for Identical Assets (Level 1)	Unrealized Appreciation
Cash held for long-term investment	$ 640,383	$ 640,383	$ -
Equity funds and other assets	2,300,088	3,400,109	1,100,021
Totals	$ 2,940,471	$ 4,040,492	$ 1,100,021

Investment return is summarized as follows:

	2015	2014
Interest and dividend income	$ 55,621	$ 45,832
Net realized/unrealized gain/(loss)	(66,411)	81,481
Total Unrestricted Investment Income	$ (10,790)	$ 127,313

NOTE 6 – LEASES

The Organization is obligated under a non-cancelable operating lease for a copier which expired in June 2015. The lease was renewed on March 23, 2015 and extended through May 30, 2020.

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

For the Year Ending December 31,	Amount
2016	$ 11,222
2017	11,222
2018	11,222
2019	11,222
2020	3,676
Thereafter	-
Total	$ 48,564

Total lease expense for the years ended December 31, 2015 and 2014 was $14,538 and $13,457, 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 approximately $10,600 and $10,600 for the years ended December 31, 2015 and 2014, respectively, and are recalculated at the end of each twelve-month agreement.

Total reimbursements from partnering agencies and licensing agreements were $126,810 and $122,115 for the years ended December 31, 2015 and 2014, respectively.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

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

	2015	2014
CAC Program	$ 127,436	$ 81,500
CASA Program	-	142,500
Operations	85,000	122,500
Total	$ 212,436	$ 346,500

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 supporting services. The Agency paid affiliation fees of $8,893 and $8,169 for 2015 and 2014, respectively.

The Endowment gifted the Agency a portion of its investment income totaling $202,025 and $192,851 for the years ended December 31, 2015 and 2014, respectively.

In 2015 and 2014, the Agency transferred $200,000 and $250,000, respectively, 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 $35,575 and $21,829 for the years ended December 31, 2015 and 2014, respectively. The original 401k matching contribution at December 31, 2014 was $28,229, but this amount was reduced by 2014/2013 forfeitures in the amount of $6,400, resulting in the accrual of $21,829.

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-one percent (31%) and twenty-nine percent (29%) of the Organization’s support for the years ended December 31, 2015 and 2014, respectively. These sources also make up thirteen percent (13%) and twelve percent (12%) of the Organization’s grants and promises to give receivables for the years ended December 31, 2015 and 2014, 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 percent (20%) and twenty-one percent (21%) of its operating revenues for the years ended December 31, 2015 and 2014, 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.

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 Organization 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, 2015 and 2014, the Board of Trustees had designated $3,315,494 and $3,527,475, 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, 2015 and 2014 were as follows:

	2015	2014
Board-designated endowment net asets, beginning of year	$ 3,527,475	$ 3,594,013
Investment income	55,621	45,832
Net appreciation	(66,411)	81,481
Amounts appropriated for expenditure	(201,191)	(193,851)
Board-designated endowment net asets, end of year	$ 3,315,494	$ 3,527,475

NOTE 14 – PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2015	2014
Voices for Children	$ 611,280	$ 567,249
Other	2,200	8,550
Total Unconditional Promises to Give	$ 613,480	$ 575,799

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

	2015	2014
Amounts due in:		
Less than one year	$ 227,939	$ 196,374
One to five years	385,541	379,425
Total	$ 613,480	$ 575,799

NOTE 15 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 7, 2016, the date the financial statements were available to be issued. No change to the financial statements for the year ended December 31, 2015 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 YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

Grantor/ Program Title	Grant Period	Grant Number	Award Amount	2015 Current Year Expenditures	2014 Prior Year Expenditures
VOCA - CASA	9/01/2015-9/30/2016	13647-16	$ 92,209	$ 22,764	$ -
	9/01/2014-8/31/2015	13647-15	$ 69,909	46,527	23,382
	9/01/2013-8/31/2014	13647-14	$ 73,588	-	51,043
TOTAL EXPENDITURES FOR VOCA - CASA GRANT FUNDS				$ 69,291	$ 74,425

See independent auditor's report

FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
SCHEDULE OF TEXAS CASA CVC/OAG GRANT AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

Grantor/ Program Title	Grant Period	Grant Number	Award Amount	2015 Current Year Expenditures	2014 Prior Year Expenditures
CVC/OAG FUND	9/01/2015-8/31/2016	CVC-16-54	$ 148,261	$ 42,553	$ -
	9/01/2014-8/31/2015	CVC-15-56	$ 30,000	30,000	-
	9/01/2014-8/31/2015	CVC-15-54	$ 103,433	57,083	46,350
	9/01/2013-8/31/2014	CVC-14-55	$ 30,000	30,000	-
	9/01/2013-8/31/2014	CVC-14-56	$ 108,877	-	92,195
TOTAL EXPENDITURES FOR CVC/OAG GRANT FUNDS				$ 159,636	$ 138,545

See independent auditor's report