
HILL COUNTRY CASA

FINANCIAL STATEMENTS

AUGUST 31, 2019 and 2018

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Independent Auditor's Report

To the Board of Directors
Hill Country CASA
Kerrville, TX 78028

Report on Financial Statements

We have audited the accompanying financial statements of Hill Country CASA (a nonprofit organization), which comprise the statements of financial position as of August 31, 2019 and August 31, 2018 and the related statements of activities, cash flows and functional expenses 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Hill Country CASA as of August 31, 2019 and August 31, 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of government grant awards is presented for purposes of additional analysis and are not a required part of the financial statement. 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have issued our report dated September 30, 2019, on our consideration of Hill Country CASA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hill Country CASA's internal control over financial reporting and compliance.



Douville, Goldman & Associates, PLLC
Certified Public Accountants
Kerrville, Texas 78028
September 30, 2019

HILL COUNTRY CASA
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2019 AND 2018

ASSETS

| | <u>Without donor restrictions</u> | | <u>With donor restrictions</u> | | <u>Total</u> | |
|--------------------------------|-----------------------------------|-------------------|--------------------------------|------------------|-------------------|-------------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 125,276 | \$ 55,075 | \$ 32,000 | \$ 42,000 | \$ 157,276 | \$ 97,075 |
| Grants receivable | 56,391 | 77,102 | - | - | 56,391 | 77,102 |
| Unconditional promises to give | 15,000 | 15,000 | - | - | 15,000 | 15,000 |
| Prepaid expenses | - | 2,371 | - | - | - | 2,371 |
| Total current assets | <u>196,667</u> | <u>149,548</u> | <u>32,000</u> | <u>42,000</u> | <u>228,667</u> | <u>191,548</u> |
| Board designated endowment | 97,119 | 84,194 | - | - | 97,119 | 84,194 |
| Property and equipment | 53,745 | 43,386 | - | - | 53,745 | 43,386 |
| | <u>\$ 347,531</u> | <u>\$ 277,128</u> | <u>\$ 32,000</u> | <u>\$ 42,000</u> | <u>\$ 379,531</u> | <u>\$ 319,128</u> |

LIABILITIES AND NET ASSETS

| | | | | | | |
|----------------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|
| Current liabilities: | | | | | | |
| Accounts payable | \$ 11,181 | \$ 13,112 | \$ - | \$ - | \$ 11,181 | \$ 13,112 |
| Funds held for others | 3,743 | 5,605 | - | - | 3,743 | 5,605 |
| Other payable | 2,403 | - | - | - | 2,403 | - |
| Payroll Liabilities | 7,305 | 5,946 | - | - | 7,305 | 5,946 |
| Total current liabilities | <u>24,632</u> | <u>24,663</u> | <u>-</u> | <u>-</u> | <u>24,632</u> | <u>24,663</u> |
| Net assets: | | | | | | |
| Without donor restrictions | 322,899 | 252,465 | - | - | 322,899 | 252,465 |
| With donor restrictions | - | - | 32,000 | 42,000 | 32,000 | 42,000 |
| | <u>322,899</u> | <u>252,465</u> | <u>32,000</u> | <u>42,000</u> | <u>354,899</u> | <u>294,465</u> |
| | <u>\$ 347,531</u> | <u>\$ 227,128</u> | <u>\$ 32,000</u> | <u>\$ 42,000</u> | <u>\$ 379,531</u> | <u>\$ 319,128</u> |

See independent auditor's report and accompanying notes to financial statements.

**HILL COUNTRY CASA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

| | Without donor restrictions | | With donor restrictions | | Total | |
|---------------------------------------|----------------------------|-------------------|-------------------------|------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Support and revenues: | | | | | | |
| General contributions | \$ 89,369 | \$ 43,703 | \$ - | \$ - | \$ 89,369 | \$ 43,703 |
| In-kind contributions | 126,085 | 155,888 | - | - | 126,085 | 155,888 |
| Local government assistance | 4,000 | 5,000 | - | - | 4,000 | 5,000 |
| Texas CASA | 105,142 | 110,609 | - | - | 105,142 | 110,609 |
| Victims of crime act | 128,141 | 134,799 | - | - | 128,141 | 134,799 |
| Other victims of crime act | 42,000 | 42,000 | - | - | 42,000 | 42,000 |
| Foundations | 83,000 | 77,750 | 30,000 | 68,000 | 113,000 | 145,750 |
| United Way | 10,000 | 10,000 | 2,000 | 2,000 | 12,000 | 12,000 |
| Interest | 2,184 | 2,236 | - | - | 2,184 | 2,236 |
| Miscellaneous | 17,178 | 14,371 | - | - | 17,178 | 14,371 |
| Texas CASA Courtesy | 58,457 | 53,733 | - | - | 58,457 | 53,733 |
| Net assets released from restrictions | <u>42,000</u> | <u>67,500</u> | <u>(42,000)</u> | <u>(67,500)</u> | <u>-</u> | <u>-</u> |
| | <u>707,556</u> | <u>717,589</u> | <u>(10,000)</u> | <u>2,500</u> | <u>697,556</u> | <u>720,089</u> |
| Operating expenses: | | | | | | |
| Program | 558,747 | 591,974 | - | - | 558,747 | 591,974 |
| Management and general | 63,442 | 68,322 | - | - | 63,442 | 68,322 |
| Fundraising | <u>14,933</u> | <u>10,587</u> | <u>-</u> | <u>-</u> | <u>14,933</u> | <u>10,587</u> |
| | <u>637,122</u> | <u>670,883</u> | <u>-</u> | <u>-</u> | <u>637,122</u> | <u>670,883</u> |
| Change in net assets | 70,434 | 46,706 | (10,000) | 2,500 | 60,434 | 49,206 |
| Net assets – beginning of year | <u>252,465</u> | <u>205,759</u> | <u>42,000</u> | <u>39,500</u> | <u>294,465</u> | <u>245,259</u> |
| Net assets – end of year | <u>\$ 322,899</u> | <u>\$ 252,465</u> | <u>\$ 32,000</u> | <u>\$ 42,000</u> | <u>\$ 354,899</u> | <u>\$ 294,465</u> |

See independent auditor's report and accompanying notes to financial statements.

**HILL COUNTRY CASA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

| | <u>2019</u> | <u>2018</u> |
|------------------------------------------------------------------------------------------------|-------------------|------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 60,434 | \$ 49,206 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 15,785 | 5,713 |
| (Increase) decrease in current asset items: | | |
| Grants receivable | 20,711 | (23,238) |
| Unconditional promises to give | - | 1,000 |
| Prepaid expenses | 2,371 | - |
| Increase (decrease) in current liability items: | | |
| Funds held for others | (1,862) | (867) |
| Accounts payable | (1,931) | 7,765 |
| Other payable | 2,403 | (345) |
| Payroll taxes payable | <u>1,359</u> | <u>3,440</u> |
| Net cash provided by operating activities | <u>99,270</u> | <u>42,674</u> |
| Cash flows from investing activities: | | |
| Board designated endowment | (12,925) | (1,452) |
| Purchase of property and equipment | <u>(26,144)</u> | <u>(36,723)</u> |
| Net cash used for investing activities | <u>(39,069)</u> | <u>(38,175)</u> |
| Net increase in cash and cash equivalents | 60,201 | 4,499 |
| Cash and cash equivalents – beginning of year | <u>97,075</u> | <u>92,576</u> |
| Cash and cash equivalents – end of year | <u>\$ 157,276</u> | <u>\$ 97,075</u> |

See independent auditor's report and accompanying notes to financial statements.

HILL COUNTRY CASA
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

| | Program | | Management & General | | Fundraising | | Total | |
|-------------------|-------------------|-------------------|-------------------------|------------------|------------------|------------------|-------------------|-------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Compensation | \$ 194,719 | \$ 233,400 | \$ 32,365 | \$ 18,587 | \$ 9,328 | \$ 4,669 | \$ 236,412 | \$ 256,656 |
| In-kind services | 126,085 | 155,888 | - | - | - | - | 126,085 | 155,888 |
| Employee benefits | 41,533 | 51,773 | 7,091 | 3,983 | 2,026 | 1,137 | 50,650 | 56,893 |
| Payroll taxes | 14,574 | 17,558 | 2,488 | 1,350 | 711 | 386 | 17,773 | 19,294 |
| Conf. & training | 5,439 | 6,580 | - | - | - | - | 5,439 | 6,580 |
| Depreciation | 15,785 | 5,713 | - | - | - | - | 15,785 | 5,713 |
| Insurance | 2,448 | 3,426 | 1,454 | 1,626 | - | 25 | 3,902 | 5,077 |
| Contract services | 48,449 | 15,154 | 12,298 | 31,444 | - | - | 60,747 | 46,598 |
| Maintenance | 8,393 | 4,441 | 1,175 | - | 336 | - | 9,904 | 4,441 |
| Occupancy | 19,991 | 21,017 | 3,413 | 2,444 | 975 | 977 | 24,379 | 24,438 |
| Postage | 225 | 491 | 300 | 492 | 750 | 983 | 1,275 | 1,966 |
| Dues | 1,676 | 1,225 | - | - | - | - | 1,676 | 1,225 |
| Supplies | 9,358 | 11,302 | 1,598 | 3,642 | 457 | 526 | 11,413 | 15,470 |
| Telephone | 2,982 | 2,901 | 509 | 337 | 146 | 135 | 3,637 | 3,373 |
| Travel | 38,743 | 39,216 | - | 3,319 | - | 1,327 | 38,743 | 43,862 |
| Direct assistance | 7,416 | 4,974 | - | - | - | - | 7,416 | 4,974 |
| Marketing | 4,186 | 9,070 | 715 | 1,055 | 204 | 422 | 5,105 | 10,574 |
| Penalties | - | - | 36 | 43 | - | - | 36 | 43 |
| Volunteer expense | 13,941 | 7,845 | - | - | - | - | 13,941 | 7,845 |
| Misc. Expenses | 2,804 | - | - | - | - | - | 2,804 | - |
| | <u>\$ 558,747</u> | <u>\$ 591,974</u> | <u>\$ 63,442</u> | <u>\$ 68,322</u> | <u>\$ 14,933</u> | <u>\$ 10,587</u> | <u>\$ 637,122</u> | <u>\$ 670,883</u> |

See independent auditor's report and accompanying notes to financial statements.

HILL COUNTRY CASA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 1 – NATURE OF ACTIVITIES

Nature of Activities - Hill Country CASA is a non-profit organization which provides trained, court-appointed volunteers to serve as advocates for children who come before the courts as victims of abuse and neglect. These community volunteers work to facilitate necessary services and timely, safe, permanent homes for the children they serve. Funding for these services is from government grants, United Way and foundation grants. Hill Country CASA provides these services to Kerr, Bandera, Gillespie and Kendall counties.

NOTE 2 –SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S.GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the trust are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the trust's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The trust's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors.

Net Assets without Donor Restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the trust, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets with Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature.

Classification of Transactions - All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents - Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

HILL COUNTRY CASA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 2 –SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give – Contributions are recognized when the donor makes an unconditional promise to give. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Management believes that these amounts are fully collectible; therefore, no allowances for doubtful accounts have been provided.

Grants Receivable – Grants receivable consist of amounts due for expenditures under state and federal grants. Management believes that these amounts are fully collectible; therefore, no allowances for doubtful accounts have been provided. Management is not aware of any significant concentrations of credit or market risks related to receivables or other financial instruments reported in these financial statements.

Property and Equipment – The Organization capitalizes all expenditures for property and equipment that exceeds \$5,000 cost or donated value effective January 11, 2016. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donor 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 support. Absent donor stipulations regarding how long those donated or acquired assets must be maintained, the Organization reports expirations of donor restrictions when donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment is depreciated using the straight-line method.

Functional Allocation of Expenses – The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The major costs that have been allocated are marketing and maintenance. Marketing costs were allocated based on revenue. Maintenance costs were allocated based on management's estimate of labor and costs spent in the various departments.

Federal Income Tax – The Organization is classified as a nonprofit corporation and is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Service Code.

Fair Value of Financial Instruments – The carrying value of cash, receivables, and payables approximate fair values as of August 31, 2019 and 2018, due to the relative short maturities of these instruments, and are considered level 1.

Board Designated Endowment – Board-designated endowments, which are resources, set aside by the Board of Directors for an indeterminate period to operate in a manner similar to a donor-restricted perpetual endowment. Because a board-designated results from an internal designation, it can be spent upon action of the Board of Directors.

HILL COUNTRY CASA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 2 –SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles – The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (NOTE 3).

The changes have the following effect on net assets at August 31, 2018:

| <u>Net Assets Class</u> | <u>As Originally Presented</u> | <u>After Adoption of AUS 2016-14</u> |
|---------------------------------------|--------------------------------|--------------------------------------|
| Unrestricted net assets | \$ 252,465 | |
| Temporarily restricted net assets | 42,000 | |
| Net assets without donor restrictions | | \$ 252,465 |
| Net assets with donor restrictions | | <u>42,000</u> |
| Total net assets | \$ 294,465 | \$ 294,465 |

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of August 31, 2019 are:

| | |
|-----------------------------------------------------------|---------------|
| Financial Assets: | |
| Cash & cash equivalents | \$ 254,395 |
| Unconditional promises to give | 15,000 |
| Grants receivable | <u>56,391</u> |
| Total financial assets | 325,786 |
| Less board-designated endowment fund (NOTE 5) | <u>97,119</u> |
| Amount available for general expenditures within one year | \$ 228,667 |

The above table reflects board-designated endowments funds as unavailable because it is the Organization's intent to hold those resources for the emergency support of the Organization. In the case of need, the Board of Directors can appropriate resources from board-designated endowment funds.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment is carried at cost, if purchased, or fair market value at date of acquisition, if received as a donation. Depreciation is computed using the straight-line method over the asset's estimated service lives. Depreciation expense totaled \$15,785 and \$5,713 for the years ended August 31, 2019 and 2018, respectively.

| | <u>2019</u> | <u>2018</u> |
|-------------------------------|------------------|------------------|
| Construction in progress | \$ - | \$ 11,500 |
| Equipment | \$ 63,138 | \$ 63,138 |
| Leasehold improvements | <u>50,709</u> | <u>13,065</u> |
| | 113,847 | 87,703 |
| Less accumulated depreciation | <u>(60,102)</u> | <u>(44,317)</u> |
| | <u>\$ 53,745</u> | <u>\$ 43,386</u> |

HILL COUNTRY CASA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 4 – PROPERTY AND EQUIPMENT (CONTINUED)

Estimated useful lives for depreciation are:

| | |
|------------------------|------|
| Leasehold improvements | 3-5 |
| Equipment | 5-10 |

Maintenance and repairs, as well as minor betterments, are charged to expense as incurred. Major betterments are capitalized. The cost and related accumulated depreciation for property disposals are removed from the accounts and any gains or losses are included in income.

NOTE 5 – BOARD DESIGNATED ENDOWMENT

The Endowment Fund is being used as a savings account for emergencies that is not accessible by the executive director for daily operations.

| | <u>2019</u> | <u>2018</u> |
|-------------------------------|-------------|--------------|
| Balance beginning September 1 | \$ 84,194 | \$ 82,742 |
| Interest earned | 925 | 1,703 |
| Transferred from operations | 12,000 | - |
| Service charge | <u>-</u> | <u>(251)</u> |
| Balance ending August 31 | \$ 97,119 | \$ 84,194 |

NOTE 6 – IN-KIND CONTRIBUTIONS

Management made the decision to record volunteer hours as in-kind contributions effective for the year ended August 31, 2013 and future years. This decision was also based on the use of these in-kind contributions as matching funds required by various government programs. The value of the volunteer hours is based on an amount determined to be appropriate if individuals were employed by the Organization to perform such services and is recorded as contributed services revenue and expense in the period the services are rendered. For the years ended August 31, 2019 and 2018, the Organization received 5,025 and 6,413 of volunteer hours valued at \$22 and \$22, respectively, per hour for a total value of \$110,550 and \$141,086 respectively. The Organization also received \$15,535 of donated mileage in 2019 and \$14,802 in 2018.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

| | <u>2019</u> | <u>2018</u> |
|------------------------------------------------------------------------------------|-------------|-------------|
| <u>Term Restrictions</u> | | |
| Cash Equivalents, available for general operations in the following fiscal year | \$ 32,000 | \$ 32,000 |

**HILL COUNTRY CASA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 8 – LEASES

Hill Country CASA leases office space under a 60 month operating lease which commenced May 1, 2014 and originally expired April 30, 2019. The operating lease was renewed for an additional 60 months during the year ended 2018 and expires April 30, 2024. This lease calls for monthly lease payments of \$1,800. Rent expense for the years ended August 31, 2019 and 2018 under this lease was \$21,600 and \$21,600 respectively.

Future minimum lease payments are as follows:

| | | |
|--|------|---------------|
| | 2020 | \$ 21,600 |
| | 2021 | 21,600 |
| | 2022 | 21,600 |
| | 2023 | 21,600 |
| | 2024 | <u>14,400</u> |
| | | \$ 122,400 |

NOTE 9 – EMPLOYEE BENEFIT PLAN

The Organization provides its employees with a 403(b) employer contributory plan which covers all employees who work twenty hours or more per week. The Organization provides a discretionary 4% employer contribution to all employees participating in the plan and employed at least six months. Employer contributions to the plan were \$9,932 and \$11,686 for the years ended August 31, 2019 and 2018, respectively.

NOTE 10 – PROGRAM MATCHING REQUIREMENTS

The following relates to the matching funds required for the year ended August 31, 2019 and 2018 under the federal grant Victims of Crime Act.

| | <u>2019</u> | <u>2018</u> |
|--------------------------------|------------------|------------------|
| Requirement | <u>\$ 32,494</u> | <u>\$ 34,204</u> |
| Funds Provided by Organization | <u>\$ 32,494</u> | <u>\$ 34,204</u> |

NOTE 11 – COMPENSATED ABSENCES

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE 12 – RECLASSIFICATIONS

Certain 2018 amounts have been reclassified to conform to the 2019 financial statement presentation.

NOTE 13 – SUBSEQUENT EVENTS

There are no reportable subsequent events. Subsequent events were evaluated through September 25, 2019, which is the date the financial statements were available to be issued.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Hill Country CASA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hill Country CASA (a nonprofit organization), which comprise the statements of financial position as of August 31, 2019 and 2018, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hill Country CASA's internal control over Financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hill Country CASA's internal control. Accordingly, we do not express an opinion on the effectiveness of Hill Country CASA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hill Country CASA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standard in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Douville Goldman + Associates PLLC

Douville, Goldman & Associates PLLC

Certified Public Accountants

Kerrville, Texas 78028

September 30, 2019

SUPPLEMENTARY INFORMATION

**HILL COUNTRY CASA
SCHEDULE OF GOVERNMENT GRANT AWARDS
FOR THE YEAR AUGUST 31, 2019**

SCHEDULE OF CVC GRANT AWARDS

| <u>Grantor/ Program Title</u> | <u>Grant No.</u> | <u>Program or Award Amount</u> | <u>Revenue Receivable</u> | <u>Receipts</u> | <u>Total Revenue</u> | <u>Disbursements</u> |
|-----------------------------------|------------------|------------------------------------|-------------------------------|-----------------|--------------------------|----------------------|
| 2019 Program Texas CASA | CVC-2019-49 | \$ 105,142 | \$ 18,013 | \$ 87,129 | \$ 105,142 | \$ 105,142 |

SCHEDULE OF VOCA GRANT AWARDS

| <u>Grantor/ Program Title</u> | <u>Grant No. CFDA No.</u> | <u>Program or Award Amount</u> | <u>Revenue Receivable</u> | <u>Receipts</u> | <u>Total Revenue</u> | <u>Disbursements</u> |
|-----------------------------------|-------------------------------|------------------------------------|-------------------------------|-----------------|--------------------------|----------------------|
| 2019 Program VOCA | VOCA-2019-49 16.575 | \$ 129,976 | \$ 21,119 | \$ 107,022 | \$ 128,141 | \$ 128,141 |
| VOCA Courtesy | 2019-49 | 65,000 | 8,348 | 50,109 | 58,457 | 58,457 |

SCHEDULE OF OVAG GRANT AWARDS

| <u>Grantor/ Program Title</u> | <u>Contract No.</u> | <u>Program or Award Amount</u> | <u>Revenue Receivable</u> | <u>Receipts</u> | <u>Total Revenue</u> | <u>Disbursements</u> |
|-----------------------------------|---------------------|------------------------------------|-------------------------------|-----------------|--------------------------|----------------------|
| 2019 Program OVAG | OAG-1987650 | \$ 42,000 | \$ 3,500 | \$ 38,500 | \$ 42,000 | \$ 42,000 |