

CHILD ADVOCATES, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	2-3
Statements of Financial Position	4
Statements of Activities.....	5
Statements of Functional Expenses.....	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-14
Supplementary Schedule of Texas Casa, Inc. Grant Awards.....	15



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Child Advocates, Inc.
Houston, Texas

We have audited the accompanying financial statements of Child Advocates, Inc. (a Texas non-profit corporation), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 Child Advocates, Inc. as of December 31, 2012 and 2011, and the changes in its nets assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of Texas CASA, Inc. Grant Awards is presented for the purpose of complying with the provisions of the grants with Texas CASA, Inc. 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Harper E. Pearson Company, P.C.

Houston, Texas
April 23, 2013

CHILD ADVOCATES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

ASSETS	2012	2011
Cash and cash equivalents	\$ 533,459	\$ 414,485
Pledges and other receivables, net	1,652,864	1,681,413
Prepaid expenses	21,668	48,484
Property and equipment, at cost		
Furniture and equipment	499,670	458,254
Leasehold improvements	<u>5,746</u>	<u>5,746</u>
Property and equipment, gross	505,416	464,000
Accumulated depreciation	<u>(461,211)</u>	<u>(454,441)</u>
Property and equipment, net	44,205	9,559
Beneficial interest in Child Advocates Endowment, Inc.	<u>7,094,621</u>	<u>6,512,979</u>
TOTAL ASSETS	<u>\$ 9,346,817</u>	<u>\$ 8,666,920</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ 246,419</u>	<u>\$ 205,424</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted - Child Advocates	<u>1,575,751</u>	<u>1,388,807</u>
Temporarily restricted - Child Advocates	430,026	559,710
Temporarily restricted - Child Advocates Endowment, Inc.	<u>2,892,275</u>	<u>2,360,633</u>
Total temporarily restricted net assets	<u>3,322,301</u>	<u>2,920,343</u>
Permanently restricted - Child Advocates Endowment, Inc.	<u>4,202,346</u>	<u>4,152,346</u>
TOTAL NET ASSETS	<u>9,100,398</u>	<u>8,461,496</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,346,817</u>	<u>\$ 8,666,920</u>

See accompanying notes.

CHILD ADVOCATES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES								
Contributions	\$ 993,016	\$ 468,599	\$ -	\$ 1,461,615	\$ 737,297	\$ 794,134	\$ -	\$ 1,531,431
Federal and state government grants	764,166	-	-	764,166	909,653	-	-	909,653
Special events and other revenue, net	1,619,025	-	-	1,619,025	1,664,133	-	-	1,664,133
Less direct donor benefits	<u>(246,362)</u>	<u>-</u>	<u>-</u>	<u>(246,362)</u>	<u>(269,518)</u>	<u>-</u>	<u>-</u>	<u>(269,518)</u>
Special events and other revenue, net	1,372,663	-	-	1,372,663	1,394,615	-	-	1,394,615
In-kind donations	162,125	-	-	162,125	308,552	-	-	308,552
Net change in beneficial interest in Child Advocates Endowment, Inc.	-	792,162	50,000	842,162	-	(52,353)	500	(51,853)
Interest and dividends	12	-	-	12	67	-	-	67
Assets released from restrictions	<u>858,803</u>	<u>(858,803)</u>	<u>-</u>	<u>-</u>	<u>737,614</u>	<u>(737,614)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>4,150,785</u>	<u>401,958</u>	<u>50,000</u>	<u>4,602,743</u>	<u>4,087,798</u>	<u>4,167</u>	<u>500</u>	<u>4,092,465</u>
EXPENSES								
Community services	2,730,892	-	-	2,730,892	2,650,263	-	-	2,650,263
Professional education and training	540,727	-	-	540,727	673,893	-	-	673,893
Management and general	380,031	-	-	380,031	317,080	-	-	317,080
Fund raising	<u>312,191</u>	<u>-</u>	<u>-</u>	<u>312,191</u>	<u>346,956</u>	<u>-</u>	<u>-</u>	<u>346,956</u>
Total expenses	<u>3,963,841</u>	<u>-</u>	<u>-</u>	<u>3,963,841</u>	<u>3,988,192</u>	<u>-</u>	<u>-</u>	<u>3,988,192</u>
CHANGE IN NET ASSETS	<u>186,944</u>	<u>401,958</u>	<u>50,000</u>	<u>638,902</u>	<u>99,606</u>	<u>4,167</u>	<u>500</u>	<u>104,273</u>
NET ASSETS, Beginning of year	<u>1,388,807</u>	<u>2,920,343</u>	<u>4,152,346</u>	<u>8,461,496</u>	<u>1,289,201</u>	<u>2,916,176</u>	<u>4,151,846</u>	<u>8,357,223</u>
NET ASSETS, End of year	<u>\$ 1,575,751</u>	<u>\$ 3,322,301</u>	<u>\$ 4,202,346</u>	<u>\$ 9,100,398</u>	<u>\$ 1,388,807</u>	<u>\$ 2,920,343</u>	<u>\$ 4,152,346</u>	<u>\$ 8,461,496</u>

See accompanying notes.

CHILD ADVOCATES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Community Services	Professional Education and Training	Management and General	Fund Raising	Total
Salaries	\$ 1,638,152	\$ 327,768	\$ 194,177	\$ 196,889	\$ 2,356,986
Employee Benefits	198,115	39,640	23,483	23,811	285,049
Payroll Taxes	127,748	25,560	15,143	15,354	183,805
Retirement	<u>48,831</u>	<u>9,639</u>	<u>5,817</u>	<u>5,898</u>	<u>70,185</u>
Total Salaries and Related Benefits	2,012,846	402,607	238,620	241,952	2,896,025
Accounting and Auditing	-	-	59,563	-	59,563
Awards and Gifts	1,952	-	-	-	1,952
Bad Debt Expense	-	-	3,672	-	3,672
Board Expenses	-	-	14,549	-	14,549
Community Awareness Project	-	28,695	-	-	28,695
Contract Services	9,153	60	7,930	6,089	23,232
Delivery Service	122	24	15	15	176
Depreciation	4,706	941	558	566	6,771
Development	-	-	-	13,711	13,711
Direct Mail	-	-	-	16,840	16,840
Dues and Subscriptions	3,300	660	391	397	4,748
General Operations	-	-	1,749	-	1,749
Human Resources	5,551	1,110	658	667	7,986
In-Kind Public Service Announcements\					
Volunteer Recruitment	-	-	-	-	-
In-Kind Christmas Gifts	162,125	-	-	-	162,125
Insurance	22,176	4,436	2,629	2,666	31,907
Local Travel	85,247	292	11,337	1,007	97,883
Maintenance and Repair	25,427	5,086	3,014	3,056	36,583
Miscellaneous	2,504	501	297	301	3,603
Newsletter	-	18,190	3,638	2,425	24,253
Occupancy	125,443	58,241	24,641	15,680	224,005
Office Supplies	9,697	1,940	1,150	1,166	13,953
Postage	7,700	1,540	913	926	11,079
Program Events	172,886	-	-	-	172,886
Special Needs	40,728	-	-	-	40,728
Staff Training	10,128	2,026	1,201	1,217	14,572
Strategic Planning	-	-	46	-	46
Telephone	29,201	5,841	3,460	3,510	42,012
Young Professionals	<u>-</u>	<u>8,537</u>	<u>-</u>	<u>-</u>	<u>8,537</u>
Total Expenses	<u>\$ 2,730,892</u>	<u>\$ 540,727</u>	<u>\$ 380,031</u>	<u>\$ 312,191</u>	<u>\$ 3,963,841</u>

See accompanying notes.

CHILD ADVOCATES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Community Services	Professional Education and Training	Management and General	Fund Raising	Total
Salaries	\$ 1,570,981	\$ 302,847	\$ 146,296	\$ 199,705	\$ 2,219,829
Employee Benefits	180,622	34,820	16,820	22,961	255,223
Payroll Taxes	124,740	24,047	11,616	15,857	176,260
Retirement	62,363	11,910	5,739	7,988	88,000
Total Salaries and Related Benefits	1,938,706	373,624	180,471	246,511	2,739,312
Accounting and Auditing	-	-	59,475	-	59,475
Awards and Gifts	1,175	-	-	-	1,175
Bad Debt Expense	-	-	3,111	-	3,111
Board Expenses	-	-	17,817	-	17,817
Community Awareness Project	-	58,048	-	-	58,048
Contract Services	8,364	11,001	4,159	4,943	28,467
Delivery Service	309	60	29	39	437
Depreciation	5,718	1,102	532	727	8,079
Development	-	-	-	19,836	19,836
Direct Mail	-	-	-	17,614	17,614
Dues and Subscriptions	7,392	1,425	688	940	10,445
General Operations	-	-	2,154	-	2,154
Human Resources	4,303	829	401	547	6,080
In-Kind Public Service Announcements\					
Volunteer Recruitment	-	120,532	-	21,270	141,802
In-Kind Christmas Gifts	166,750	-	-	-	166,750
Insurance	18,707	3,605	1,741	2,379	26,432
Local Travel	77,186	110	9,580	1,022	87,898
Maintenance and Repair	29,300	5,646	2,727	3,725	41,398
Miscellaneous	11,332	2,186	1,056	1,442	16,016
Newsletter	-	17,112	3,422	2,282	22,816
Occupancy	117,364	54,490	23,054	14,670	209,578
Office Supplies	10,737	2,069	999	1,365	15,170
Postage	15,185	2,927	1,414	1,931	21,457
Program Events	160,758	-	-	-	160,758
Special Needs	32,048	-	-	-	32,048
Staff Training	16,020	3,087	1,491	2,037	22,635
Strategic Planning	-	-	68	-	68
Telephone	28,909	5,571	2,691	3,676	40,847
Young Professionals	-	10,469	-	-	10,469
Total Expenses	\$ 2,650,263	\$ 673,893	\$ 317,080	\$ 346,956	\$ 3,988,192

See accompanying notes.

CHILD ADVOCATES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 638,902	\$ 104,273
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,771	8,079
Change in beneficial interest in Child Advocates Endowment, Inc.	(842,162)	51,853
Contribution from Child Advocates Endowment, Inc.	260,520	234,480
Change in operating assets and liabilities:		
Pledges and other receivables, net	28,549	(532,098)
Prepaid expenses	26,816	12,574
Accounts payable and accrued liabilities	40,995	31,015
 Total adjustments	 <u>(478,511)</u>	 <u>(194,097)</u>
 Net cash provided (used) by operating activities	 <u>160,391</u>	 <u>(89,824)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(41,417)</u>	<u>(3,978)</u>
 Net cash used by investing activities	 <u>(41,417)</u>	 <u>(3,978)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 118,974	 (93,802)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>414,485</u>	 <u>508,287</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 533,459</u>	 <u>\$ 414,485</u>

NOTE A BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Child Advocates, Inc. (the Organization), a Texas not-for-profit corporation, provides educational resources and information regarding mental health, physical health and well-being of children and family units in Harris County, Texas. The Organization mobilizes court appointed volunteers to break the vicious cycle of child abuse. The Organization speaks up for abused children who are lost in the system and guides them into safe environments where they can thrive. Trained volunteers serve as guardian ad litem and work in tandem with juvenile court judges, attorneys, case workers, parents, foster parents, teachers, physicians, and therapists to ensure that the best interests of the child are met.

The Organization serves the community in the following major areas:

Education and Training - Programs to educate and train volunteers and employees about the services provided by the Organization and how to provide them.

Community Services - Programs which provide child advocate services for the community through the court system, including diligent search, educational advocacy, family reunification, Life Book Project and volunteer services.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk - Financial instruments, which subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents, pledges and other receivables and the beneficial interest in the Endowment. The Organization places its cash and cash equivalents with high credit quality financial institutions in the United States. At times, deposits with these financial institutions may exceed insured limits; however, these amounts typically may be redeemed upon demand and, therefore, bear minimal risk. In monitoring this credit risk, the Organization periodically evaluates the stability of these financial institutions.

Generally, no collateral or other security is required to support receivables. An allowance for doubtful accounts is established and accounts written off as needed based upon factors surrounding the credit risk of specific contributors. At December 31, 2012 and 2011, the allowance for doubtful accounts amounted to \$1,000 and \$0, respectively.

Cash and Cash Equivalents - For the purposes of the statement of cash flows, cash and cash equivalents includes demand deposits and highly liquid debt investments with maturity dates of less than three months.

NOTE A BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Property and Equipment - Property and equipment items in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of the assets ranging from three to thirty years. Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever is shorter. Included in furniture and equipment at December 31, 2012 is a telephone system in the amount of \$34,996 that is not yet placed in service.

Financial Statement Presentation - Information regarding the financial position and activities of the Organization is reported in three categories as follows:

Unrestricted Net Assets - represent expendable funds available for operations which are not otherwise limited by donor restrictions.

Temporarily Restricted Net Assets - consist of contributed funds subject to donor imposed restrictions related to a specific purpose or requiring a specific passage of time before the funds can be spent.

Permanently Restricted Net Assets - are subject to irrevocable donor restrictions requiring the assets be maintained in perpetuity for the purpose of generating investment income to fund current operations. Permanently restricted net assets result from Child Advocates Endowment, Inc.

Contributions - Contributions are recorded when received or upon an unconditional promise to give from the donor. All contributions are considered to be available for unrestricted use unless restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support and an increase to the respective net asset class.

Unconditional promises to give that are expected to be collected within one year are recorded at their realizable value as pledges receivable. Pledges receivable that are to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included as contribution revenue. Conditional promises to give are not recorded until such time as the conditions are substantially met. There were no conditional promises to give at December 31, 2012 or 2011.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE A BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Donors provided Christmas gifts to children in the amounts of \$162,125 and \$166,750 in 2012 and 2011, respectively. In-kind expenses in the same amounts are recorded as community services expense.

Volunteer Services - Many individuals served as trained court-appointed volunteer advocates. The hours spent by these volunteers do not meet the criteria to be recognized in the Organization's statement of activities. If the estimated value of these services had been recorded, contributions revenue and program expenses during 2012 and 2011 would have increased as disclosed in the following table, resulting in program expenses approximating 87% and 88% in 2012 and 2011 (unaudited), respectively, of total expenses each year.

	2012	2011
Volunteer hours (unaudited)	63,520	63,490
Value of volunteer hours (unaudited)	\$ 1,384,101	\$ 1,356,146

Donated Services - The Organization recognizes as revenues and expenses donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated services consist primarily of counseling and public relations services.

Advertising Expense - Advertising is expensed as incurred. Advertising expense for 2012 and 2011 totaled \$26,491 and \$197,956, respectively, including donated advertising amounting \$141,802 in 2011. No advertising was donated in 2012. During 2012 and 2011, advertising incurred by the Organization and in-kind public service announcements on behalf of the Organization were primarily related to volunteer recruitment.

Functional Expenses - The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Functional expenses which cannot readily be related to a specific program or supporting service are allocated among the various programs and supporting services benefited based upon salaries, hours worked, square footage, number of program staff or other appropriate allocation method.

Federal Income Tax - The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c) (3). However, the Organization is subject to taxes on unrelated business income. During 2012 and 2011, there was no unrelated business income.

The Organization believes that all significant tax positions utilized by the Organization will more likely than not be sustained upon examination. As of December 31, 2012, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are from the year 2009 forward (with limited exceptions). Tax penalties and interest, if any, would be accrued as incurred and would be classified as management and general expense in the statements of activities.

NOTE A BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Subsequent Events - The Organization has evaluated subsequent events through April 23, 2013, the date the financial statements were available to be issued. No subsequent events occurred, which require adjustment or disclosure to the financial statements at December 31, 2012.

NOTE B BENEFICIAL INTEREST IN CHILD ADVOCATES ENDOWMENT, INC.

During 1992, Child Advocates Endowment, Inc. (the Endowment) was formed primarily for the benefit of and to provide financial support to the Organization. The Endowment has a separate board of directors and the Organization does not exercise control over the Endowment, therefore consolidated financial statements are not required. The Organization records its beneficial interest in the Endowment equal to the book value of the net assets of the Endowment. The assets of the Endowment are comprised primarily of cash and marketable securities which are reported at fair value.

The Endowment has a distribution policy whereby it awards to the Organization 4% of the lesser of 1) a rolling 24-month average of the total investment portfolio, or 2) the value of the investment portfolio at December 31.

Unrestricted activity of the Endowment is reported as temporarily restricted in the statement of activities of the Organization until amounts are appropriated for expenditure by the Endowment. The Endowment contributed \$260,520 and \$234,480 to the Organization during 2012 and 2011, respectively. At December 31, 2012 and 2011, these amounts to be distributed are included in net change in beneficial interest in Child Advocates Endowment, Inc. and released from restrictions on the statement of activities. Any undistributed amounts are recorded as a receivable. (See Note C)

The activity of temporarily restricted net assets of the Endowment is as follows for the years ended December 31:

	2012	2011
Beginning balance	\$ 2,360,633	\$ 2,647,466
Investment return	859,814	12,066
Contribution to Child Advocates, Inc.	(260,520)	(234,480)
Management and general expenses	(67,652)	(64,419)
Ending balance	\$ 2,892,275	\$ 2,360,633

NOTE B BENEFICIAL INTEREST IN CHILD ADVOCATES ENDOWMENT, INC. (CONTINUED)

Certain contributions to the Endowment are permanently restricted. The income earned on these contributions can be used for unrestricted operating purposes of the Endowment and for contributions to the Organization. The activity of permanently restricted net assets of the Endowment is as follows for the years ended December 31:

	2012	2011
Beginning Balance	\$ 4,152,346	\$ 4,151,846
Contributions	50,000	500
Ending Balance	\$ 4,202,346	\$ 4,152,346

NOTE C PLEDGES AND OTHER RECEIVABLES

Pledges and other receivables consist of the following:

	2012	2011
Pledges receivable in less than 1 year	\$ 243,083	\$ 294,032
Pledges receivable in one to five years	100,500	200,250
Receivable from Child Advocates Endowment, Inc.	1,179,711	1,069,191
Government grants receivable	130,570	117,940
Less allowance for doubtful accounts	(1,000)	-
	\$ 1,652,864	\$ 1,681,413

The receivable from Child Advocates Endowment, Inc. is due upon demand.

NOTE D TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets, excluding the Endowment, are available for the following purposes:

	2012	2011
Future periods	\$ 342,583	\$ 492,710
Permanent foster care pilot program	62,443	42,000
Special events to be held in the future	25,000	25,000
	\$ 430,026	\$ 559,710

NOTE E EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution employee benefit plan which includes substantially all employees. Contributions to the plan by the Organization are discretionary. Contributions to the plan amounted to \$70,185 and \$88,000 during 2012 and 2011, respectively.

NOTE F OPERATING LEASE

The Organization leases office space under an operating lease. Total rent expense amounted to \$224,005 and \$209,578 for 2012 and 2011, respectively. Future annual payments are as follows:

2013	\$ 217,926
2014	217,926
2015	230,033
2016	<u>78,696</u>
	<u>\$ 744,581</u>

NOTE G CONTINGENCIES

Amounts received from government and other grants require the fulfillment of certain conditions as set forth in the grant contracts. The Organization intends to fulfill the conditions of all grants, recognizing that failure to fulfill the conditions could result in the return of the funds to grantors. Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the Organization. In management's opinion, disallowed claims, if any, would not have a material adverse effect on the Organization's financial position or results of operations.

CHILD ADVOCATES, INC.
SUPPLEMENTARY SCHEDULE OF TEXAS CASA, INC. GRANT AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Grantor/Program Title</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Accrued or (Deferred) Revenue</u>
Texas CASA, Inc./CVC/OAG 11-12	CVC-12-34	\$ 350,000	\$ 233,308	\$ 233,308	\$ -
Texas CASA, Inc./CVC/OAG 12-13	CVC-13-34	355,000	59,163	118,326	59,163
Texas CASA, Inc./VOCA 11-12	13576-12	295,183	196,766	196,766	-
Texas CASA, Inc./VOCA 12-13	13576-13	<u>276,615</u>	<u>46,099</u>	<u>92,199</u>	<u>46,099</u>
		<u>\$ 1,276,798</u>	<u>\$ 535,336</u>	<u>\$ 640,598</u>	<u>\$ 105,262</u>