

**DALLAS CASA**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2010

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Statement of Financial Position.....	3
Statement of Activities.....	4-5
Statement of Functional Expenses.....	6-7
Statement of Cash Flows.....	8
Notes to Financial Statements.....	9-13
Supplementary Information:	
Supplementary Schedule of Texas Casa, Inc. Grant Awards.....	15
Supplementary Schedule of VOCA Grant Awards.....	16
Independent Auditor's Report on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	17-18

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Dallas CASA  
Dallas, Texas

We have audited the accompanying statement of financial position of Dallas CASA (a nonprofit organization) as of December 31, 2010 and 2009 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Dallas CASA's management. 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dallas CASA as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Dallas CASA taken as a whole. The accompanying supplementary information included in the report is presented for purposes of additional analysis and is not a required part of the basic financial statements of Dallas CASA. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2011 on our consideration of Dallas 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.



Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

April 27, 2011

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## DALLAS CASA

### STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2010 AND 2009

#### ASSETS

ASSETS	2010	2009
Cash and Cash Equivalents	\$ 2,115,978	\$ 594,151
Investments	1,125,516	2,294,540
Permanently Restricted Investments	1,573,868	1,448,425
Grants Receivable	265,628	233,282
Other Receivables	-	4,323
Prepaid Expenses	17,222	16,239
Escrow Deposit	27,500	-
PROPERTY AND EQUIPMENT		
Land and Building	1,988,311	1,904,632
Furniture and Equipment	143,839	141,016
Computers and Software	84,408	80,274
Less Accumulated Depreciation	(698,188)	(636,828)
Property and Equipment - Net	<u>1,518,370</u>	<u>1,489,094</u>
TOTAL ASSETS	<u>\$ 6,644,082</u>	<u>\$ 6,080,054</u>

#### LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable	\$ 61,845	\$ 20,850
Deferred Revenue	65,306	70,861
Total Liabilities	<u>127,151</u>	<u>91,711</u>
NET ASSETS		
Unrestricted:		
Operating	3,102,138	2,750,382
Property and Equipment	1,518,370	1,489,094
Total Unrestricted	<u>4,620,508</u>	<u>4,239,476</u>
Temporarily Restricted:		
Space Fund	322,555	300,442
Permanently Restricted:		
Endowment Funds	1,573,868	1,448,425
Total Net Assets	<u>6,516,931</u>	<u>5,988,343</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,644,082</u>	<u>\$ 6,080,054</u>

The Notes to Financial Statements are an integral part of these statements.

# DALLAS CASA

## STATEMENT OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>Support and Revenues</u>				
Contributions	\$ 842,475	\$ 100,000	\$ -	\$ 942,475
Events	1,125,732	-	-	1,125,732
Government Grants	-	1,311,527	-	1,311,527
Other	9,539	-	-	9,539
Investment Income	-	117,871	36,823	154,694
Unrealized Gain (Loss) on Investments	-	(80,278)	150,146	69,868
Net Assets Released from Restrictions:				
Satisfaction of Usage Restrictions	1,488,533	(1,427,007)	(61,526)	-
Total Support and Revenue	3,466,279	22,113	125,443	3,613,835
<u>Expenses</u>				
Program Services	2,457,249	-	-	2,457,249
General and Administrative	194,349	-	-	194,349
Fundraising Expense	433,649	-	-	433,649
Total Expenses	3,085,247	-	-	3,085,247
Change in Net Assets	381,032	22,113	125,443	528,588
Net Assets, beginning of year	4,239,476	300,442	1,448,425	5,988,343
Net Assets, end of year	<u>\$ 4,620,508</u>	<u>\$ 322,555</u>	<u>\$ 1,573,868</u>	<u>\$ 6,516,931</u>

The Notes to Financial Statements are an integral part of these statements.

2009			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 633,816	\$ 200,500	\$ -	\$ 834,316
1,042,568	-	-	1,042,568
-	1,153,109	-	1,153,109
8,700	-	-	8,700
-	117,550	39,258	156,808
-	(124,977)	203,257	78,280
<u>1,145,740</u>	<u>(1,145,740)</u>	<u>-</u>	<u>-</u>
2,830,824	200,442	242,515	3,273,781
2,094,260	-	-	2,094,260
169,332	-	-	169,332
<u>445,533</u>	<u>-</u>	<u>-</u>	<u>445,533</u>
2,709,125	-	-	2,709,125
121,699	200,442	242,515	564,656
<u>4,117,777</u>	<u>100,000</u>	<u>1,205,910</u>	<u>5,423,687</u>
<u>\$ 4,239,476</u>	<u>\$ 300,442</u>	<u>\$ 1,448,425</u>	<u>\$ 5,988,343</u>

## DALLAS CASA

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010			Total
	Program Services	General and Administrative	Fundraising Expense	
Salaries	\$ 1,586,173	\$ 129,087	\$ 176,498	\$ 1,891,758
Payroll Taxes	117,128	9,761	12,550	139,439
Employee Benefits	233,247	19,437	24,991	277,675
 Total Personnel Costs	 1,936,548	 158,285	 214,039	 2,308,872
 Occupancy Expenses	 40,945	 3,272	 4,113	 48,330
Office Expenses	43,834	3,503	4,403	51,740
Travel	95,466	3,396	1,090	99,952
Staff Training	10,865	868	1,091	12,824
Telephone	25,744	2,057	2,586	30,387
Insurance	22,733	1,817	2,284	26,834
Professional Services	11,873	949	1,193	14,015
Equipment Expense	39,830	3,183	4,001	47,014
Childrens' Sustenance	32,288	-	-	32,288
Volunteer Training and Conferences	15,534	-	-	15,534
Recruitment	71,452	-	-	71,452
Development Expenses	5,388	1,000	47,492	53,880
Event Costs	36,846	9,212	138,175	184,233
Other Expenses	15,919	2,653	7,960	26,532
 Total Expenses Before Depreciation	 2,405,265	 190,195	 428,427	 3,023,887
 Depreciation Expense	 51,984	 4,154	 5,222	 61,360
 Total Expenses	 <u>\$ 2,457,249</u>	 <u>\$ 194,349</u>	 <u>\$ 433,649</u>	 <u>\$ 3,085,247</u>

The Notes to Financial Statements are an integral part of these statements.



2009

Program Services	General and Administrative	Fundraising Expense	Total
\$ 1,355,925	\$ 108,264	\$ 161,072	\$ 1,625,261
98,728	8,327	11,895	118,950
189,426	15,976	22,823	228,225
1,644,079	132,567	195,790	1,972,436
36,642	4,698	5,637	46,977
35,393	6,550	7,752	49,695
106,631	994	1,692	109,317
8,927	1,200	1,960	12,087
25,347	1,744	2,390	29,481
20,968	2,688	3,226	26,882
8,390	4,064	4,099	16,553
30,867	3,957	4,749	39,573
16,947	-	-	16,947
5,384	-	-	5,384
49,862	-	-	49,862
5,500	1,200	50,804	57,504
42,314	2,500	158,611	203,425
7,430	1,312	1,574	10,316
2,044,681	163,474	438,284	2,646,439
49,579	5,858	7,249	62,686
<u>\$ 2,094,260</u>	<u>\$ 169,332</u>	<u>\$ 445,533</u>	<u>\$ 2,709,125</u>

## DALLAS CASA

### STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

CASH FLOWS FROM ACTIVITIES	2010	2009
Change in Net Assets	<u>\$ 528,588</u>	<u>\$ 564,656</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided From Activities		
Depreciation Expense	61,360	62,686
(Increase) decrease in Grants Receivable	(32,346)	(9,915)
(Increase) decrease in Other Receivables	4,323	2,677
(Increase) decrease in Prepaid Expenses	(983)	(2,781)
(Increase) decrease in Escrow Deposit	(27,500)	-
Increase (decrease) in Accounts Payable	40,995	(6,226)
Increase (decrease) in Deferred Revenues	<u>(5,555)</u>	<u>(5,210)</u>
Net Cash Provided From Activities	<u>568,882</u>	<u>605,887</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in Investments	1,169,024	(5,588)
Purchase of Property and Equipment	(90,636)	(93,404)
Permanently Restricted Fund (Income) Loss	<u>(125,443)</u>	<u>(242,515)</u>
Net Cash Used by Investing Activities	<u>952,945</u>	<u>(341,507)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,521,827	264,380
 CASH AND CASH EQUIVALENTS		
Beginning of Year	<u>594,151</u>	<u>329,771</u>
End of Year	<u>\$2,115,978</u>	<u>\$ 594,151</u>

The Notes to Financial Statements are an integral part of these statements.

# DALLAS CASA

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

### **NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### Nature of Activities and Funding Sources

Dallas CASA ("Court Appointed Special Advocates") is a corporation organized under the Texas Non-Profit Corporation Act and was formed in January, 1980 to provide independent volunteer advocate services for children who are involved in the juvenile and family court system and who are currently in substitute care or who are candidates for the foster care system. It may accept only those cases assigned by the courts. Its primary goal is to achieve a permanent living arrangement for each child, which will serve that child's best interests. Dallas CASA is a member of both the National and Texas CASA associations.

Dallas CASA solicits and receives its funding from a variety of sources including contributions from individuals, corporations, foundations and associations, government grants and contracts, proceeds from sponsored events (such as golf tournaments), support from state and national CASA organizations and various other sources. For the year ended December 31, 2010 and 2009, unrestricted Total Revenue and Other Support (excluding investment transactions) were raised from the following sources:

Contributions, Grants and Other Support:	<u>2010</u>	<u>2009</u>
National and State CASA	9.9%	5.1%
State of Texas	8.2%	9.1%
County of Dallas	22.8%	26.4%
Foundations	8.4%	11.3%
Corporations	2.7%	2.1%
Organizations	3.9%	5.2%
Individuals and Other	14.7%	11.2%
Events	<u>29.4%</u>	<u>29.6%</u>
	<u>100.0%</u>	<u>100.0%</u>

#### Basis of Presentation

The combined financial statements include the accounts of Dallas CASA combined with its affiliates, Dallas CASA Property Corporation ("Property") and Dallas CASA Endowment Fund ("Endowment"). Property owns and manages the premises occupied by Dallas CASA and Endowment manages endowment funds established and funded by donors for the benefit of Dallas CASA. Property and Endowment are support organizations of which Dallas CASA has control by virtue of having the ability to elect the majority of the directors. All intercompany accounts and transactions have been eliminated in combination.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues and related assets are recognized when earned, and expenses are recognized when the obligation is incurred. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

## DALLAS CASA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

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Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

#### Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or the nature of any donor stipulations. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending upon the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Gifts of goods or property are reported 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, Dallas CASA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### Donated Services

A substantial number of volunteers have donated significant amounts of time to advocate services and in fundraising campaigns. During the years ended December 31, 2010 and 2009, Dallas CASA volunteers contributed service hours; however, these donated services are not reflected in the financial statements since the services do not require specialized skills that would typically be purchased if not provided by donation. The fair value of donated professional services (which consist of accounting, auditing and tax services) is reflected in the combined statement of activities, along with donated assets which are recorded at fair value on the date of the gift.

## DALLAS CASA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

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#### Property and Equipment

Property and equipment is stated at cost or, if donated, at the estimated fair value at the date of donation. Expenditures for property and equipment in excess of \$250 are capitalized and lesser amounts are expensed. The building, furniture and equipment are depreciated using straight-line methods over their estimated useful lives of 3 to 37.5 years. Computer software is amortized on the straight-line method over three years.

#### Federal Income Taxes

Dallas CASA and Endowment are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and Property is exempt under Section 501(c)(2) and all entities are classified by the Internal Revenue Service as other than private foundations. Accordingly, no provision for federal income tax is reflected in the accompanying combined financial statements.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with maturities at the date of purchase of ninety days or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

### **NOTE 2. ENDOWMENT FUND INVESTMENTS**

Investments of the endowment fund consist of shares of balanced index mutual funds stated at fair value based on quoted prices in active markets (all level 1 measurements) as of December 31, 2010 and 2009 and are comprised of the following funds:

	<u>2010</u>	<u>2009</u>
1991 Endowment Fund	\$1,032,026	\$ 952,179
Triage Lifeline Fund	<u>541,842</u>	<u>496,246</u>
	<u>\$1,573,868</u>	<u>\$1,448,425</u>

In 1991, Dallas CASA was one of the beneficiaries of a fundraising effort by Crystal Charity Ball of Dallas which contributed \$500,000 for the establishment of an endowment fund. Income from this permanently restricted fund may be used for operating purposes including salaries of professional staff. If Dallas CASA (1) loses its tax-exempt status with the Internal Revenue Service; (2) goes out of existence; or (3) in any manner invades the corpus of the fund without the approval of the donor, the funds must be returned to the donor. The corpus is subject to annual adjustment for inflation and any funds in excess of the inflation-adjusted corpus are available for transfer to unrestricted funds. During 2010, the Board of Directors authorized a \$42,848 transfer from the fund to unrestricted funds and at December 31, 2010, approximately \$237,475 was available for transfer to unrestricted funds upon board approval. Dividend income of \$24,146 received during the year was reinvested in the fund.

## DALLAS CASA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

Dallas Crystal Charity Ball created the Triage Lifeline Fund in 2002 through another fundraising. Earnings from this fund may be used for compensation of professional staff. If Dallas CASA loses its tax-exempt status or goes out of existence, the funds may be reclaimed by the donor. The corpus of the fund is subject to annual adjustment for inflation and funds in excess of the inflation-adjusted corpus are available for transfer to unrestricted funds. During 2010, the Board of Directors authorized an \$18,678 transfer from the fund to unrestricted funds and at December 31, 2010, approximately \$57,111 was available for transfer to unrestricted funds upon board approval. Dividend income of \$12,677 received during the year was reinvested in the fund.

#### **NOTE 3. DEFERRED REVENUES**

Deferred revenues consist of receipts for the Archon 2011 Golf Tournament and Cherish the Children project to be held in 2011, which were received in advance of the event. These revenues have been deferred and will be matched with the costs of staging the events in 2011.

#### **NOTE 4. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **NOTE 5. INVESTMENTS**

Investments as of December 31, 2010, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Unrestricted:			
Common Stock	\$ 12,249	\$ 17,040	\$ 17,040
Government Securities	1,108,701	1,108,476	1,108,476
Permanently Restricted:			
Vanguard Mutual Funds	\$ 906,191	\$1,573,868	\$1,573,868

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ -	\$ 117,871	\$ 36,823	\$ 154,694
Unrealized gains (losses)	-	(80,278)	150,146	69,868
Total investment return (loss)	<u>\$ -</u>	<u>\$ 37,593</u>	<u>\$ 186,969</u>	<u>\$ 224,562</u>

#### **NOTE 6. EMPLOYEE BENEFIT PLAN**

The Organization has a defined contribution salary deferral plan or SIMPLE plan covering eligible employees who elect to participate. Under the plan, the Organization matches employee contributions up to three percent of each eligible employee's salary. Employer matching contributions to the plan in 2010 was \$42,364 and \$37,536 in 2009.

## DALLAS CASA

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010

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#### **NOTE 7. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments.

- Cash, cash equivalents, accounts payable and deferred revenue: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.
- Short-term and endowment investments: The fair values of investments are based on quoted market prices for those or similar investments.

The estimated fair values of the Organization's financial instruments, none of which are held for trading purposes, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:		
Cash and cash equivalents	\$ 2,115,978	\$ 2,115,978
Investments	1,125,516	1,125,516
Endowment investments:		
Investments	1,573,868	1,573,868
Accounts payable	(61,845)	(61,845)
Deferred revenue	(65,306)	(65,306)

#### **NOTE 8. 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.

#### **NOTE 9. SUBSEQUENT EVENTS**

On March 24, 2011 Dallas CASA purchased 1.3 acres of land as the future site of its offices. The purchase price was paid in full by donor contributions, including \$1.4 million from The Rees-Jones Foundation. The Rees-Jones funding is a contingent loan to Dallas CASA that will transition to a grant when Dallas CASA breaks ground by March 31, 2014.

Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**



**DALLAS CASA**

SCHEDULE OF TEXAS CASA GRANT AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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<u>Texas CASA Grant Year</u>	<u>Grant Amount</u>	<u>Accrued at 12/31/2009</u>	<u>Grant Receipts</u>	<u>Grant Disbursements</u>	<u>Accrued at 12/31/2010</u>
2009-2010	\$ 293,631	\$ 23,720	\$ 242,073	\$ 218,353	\$ -
2010-2011	\$ 296,820	-	49,470	98,940	49,470
		<u>\$ 23,720</u>	<u>\$ 291,543</u>	<u>\$ 317,293</u>	<u>\$ 49,470</u>

**DALLAS CASA**

SCHEDULE OF VOCA GRANT AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

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<u>VOCA Grant Year</u>	<u>Grant Amount</u>	<u>Accrued at 12/31/2009</u>	<u>Grant Receipts</u>	<u>Grant Disbursements</u>	<u>Accrued at 12/31/2010</u>
2009-2010	\$ 214,753	\$ 17,896	\$ 161,068	\$ 143,172	\$ -
2010-2011	\$ 209,448	-	34,908	69,816	34,908
		<u>\$ 17,896</u>	<u>\$ 195,976</u>	<u>\$ 212,988</u>	<u>\$ 34,908</u>

INDEPENDENT AUDITORS' 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*

Board of Directors  
Dallas CASA  
Dallas, Texas

We have audited the financial statements of Dallas CASA (the "Organization") as of and for the year ended December 31, 2010, and have issued our report thereon dated April 27, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the Organization, and appropriate federal, state, and local awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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A Professional Corporation  
Certified Public Accountants

April 27, 2011