



7<sup>TH</sup> JUDICIAL DISTRICT CHILD ADVOCACY CENTER  
DBA THE DOLPHIN HOUSE

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2018

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INDEPENDENT AUDITORS' REPORT

March 25, 2019

To the Board of Directors  
7<sup>th</sup> Judicial District Child Advocacy Center  
dba The Dolphin House

We have audited the accompanying statement of financial position of 7<sup>th</sup> Judicial District Child Advocacy Center dba The Dolphin House (a nonprofit organization) as of December 31, 2018, and the related 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 7<sup>th</sup> Judicial District Child Advocacy Center dba The Dolphin House as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Chadwick, Steinkirchner, Davis & Co., P.C.*

7th Judicial District Child Advocacy Center dba The Dolphin House

STATEMENT OF FINANCIAL POSITION

December 31, 2018

<b>ASSETS</b>	
Cash	\$ 154,334
Investments	110,000
Grants receivable	23,881
Deposits	1,100
Pledges receivable	12,500
Property, plant and equipment	<u>341,395</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>643,210</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 6,958
Accrued liabilities	5,034
Deferred revenue	<u>15,000</u>
<b>TOTAL LIABILITIES</b>	<b><u>26,992</u></b>
<b>NET ASSETS</b>	
Without donor restrictions	<u>616,218</u>
<b>TOTAL NET ASSETS</b>	<b><u>616,218</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>643,210</u></b>

The accompanying notes are an integral part of this financial statement.

7th Judicial District Child Avocacy Center dba The Dolphin House

STATEMENT OF ACTIVITIES

Year ended December 31, 2018

<b>SUPPORT</b>	
Contributions	\$ 105,990
Special events (net of expenses of \$14,947)	30,949
Investment return, net	746
Grants and contracts	<u>242,745</u>
	380,430
<b>EXPENSES</b>	
Program services	223,011
Supporting services	
Management and general	68,083
Fundraising	<u>15,570</u>
	<u>83,653</u>
	<u>306,664</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	73,766
Net assets at beginning of year	<u>542,452</u>
Net assets at end of year	<u>\$ 616,218</u>

The accompanying notes are an integral part of this financial statement.

7th Judicial District Child Advocacy Center dba The Dolphin House

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2018

	Program Services	Supporting Services		Total
	Center	Management and General	Fundraising	
Grants to other organizations	\$ 14,652	\$ -	\$ -	\$ 14,652
Contributions	-	7,000	-	7,000
Salaries	150,344	20,202	14,008	184,554
Payroll taxes	13,435	1,805	1,252	16,492
Occupancy	16,494	2,393	-	18,887
Depreciation	16,044	2,471	-	18,515
Advertising	-	-	310	310
Insurance	-	17,595	-	17,595
Travel	3,366	1,331	-	4,697
Professional fees	1,300	4,000	-	5,300
Supplies	556	905	-	1,461
Office	1,719	4,506	-	6,225
Maintenance and repairs	-	2,875	-	2,875
Meetings	4,359	-	-	4,359
Dues	-	3,000	-	3,000
Education and training	742	-	-	742
	<u>\$ 223,011</u>	<u>\$ 68,083</u>	<u>\$ 15,570</u>	<u>\$ 306,664</u>

The accompanying notes are an integral part of this financial statement.

7th Judicial District Child Advocacy Center dba The Dolphin House

STATEMENT OF CASH FLOWS

Year ended December 31, 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Contributions received		\$ 101,680
Other special events and fees received		45,896
Grants received		258,783
Interest received		746
Cash paid to suppliers and employees		<u>(302,978)</u>
Net cash provided (used) by operating activities		104,127
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments		<u>(110,000)</u>
Net cash provided (used) by investing activities		<u>(110,000)</u>
Net increase (decrease) in cash		(5,873)
Cash at beginning of year		<u>160,207</u>
Cash at end of year		<u><u>\$ 154,334</u></u>
<b>Reconciliation of change in net assets to net cash provided (used) by operating activities:</b>		
Change in net assets		\$ 73,766
<b>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</b>		
Depreciation		18,515
(Increase) decrease in grants receivable		1,038
(Increase) decrease in pledges receivable		(4,310)
Increase (decrease) in deferred revenue		15,000
Increase (decrease) in accounts payable		118
Total adjustments		<u>30,361</u>
Net cash provided (used) by operating activities		<u><u>\$ 104,127</u></u>

The accompanying notes are an integral part of this financial statement.

7<sup>th</sup> Judicial District Child Advocacy Center  
dba The Dolphin House

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Nature of Activities

The 7<sup>th</sup> Judicial District Child Advocacy Center dba The Dolphin House (the Center) was incorporated as a not-for-profit corporation in the State of Colorado in 2004 to provide coordinated and professional assessment and investigation of child abuse, and a safe place at the Dolphin House for children and families to get help. The Center serves families and individuals in the counties covered by the 7<sup>th</sup> Judicial District of the State of Colorado.

2. Basis of Presentation

The financial statements of the Center have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Center to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-impose restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center's management and the board of directors.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Center does not current have any net assets with donor restrictions.

Donor restricted contributions would be reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

3. Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over their useful lives. The useful lives range from five to thirty-nine years. The Center's policy is to capitalize those items with a cost of \$500 or greater and a useful life greater than one year and to expense normal repairs and maintenance as incurred. The Center's management periodically evaluates whether events or circumstances have occurred indicating that the carrying value of long-lived assets may not be recovered.



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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – CONTINUED**

4. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

5. Income Taxes

The Center is a not-for-profit organization, other than a private foundation, that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, though it is subject to tax on income unrelated to its tax exempt purpose, unless that income is otherwise excluded by the Code. The Center has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Center has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

6. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

7. Use of Estimates

In preparing financial statements in conformity with US GAAP, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – CONTINUED**

**8. Contributed Services**

The Dolphin House does not recognize in the financial statements any support or expense from services contributed by volunteers, as the value of these services is not susceptible to objective measurement or valuation. However, service hours contributed by volunteers are assigned an appropriate dollar value dependent upon the types of service rendered, and that value is provided to those grantors who accept the amounts as matching dollars for grant purposes.

**9. Concentrations of Credit Risk**

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Center maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Center's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Center has not experienced, nor does it anticipate, any losses with respect to such accounts.

**10. Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization would be included in contribution revenue. Conditional promises to give are not included as support until conditions are met.

As of December 31, 2018, the Center's pledges receivable consisted of unconditional promises to give in the amount of \$12,500, all of which are expected to be collected within one year.

**11. Investments**

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities. Interest is recorded when earned. Currently, the Center's investments are held in certificates of deposit.

7<sup>th</sup> Judicial District Child Advocacy Center  
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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**12. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Center groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

**13. Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Occupancy	Square footage
Depreciation	Specific identification
Travel	Specific identification
Professional fees	Specific identification
Supplies	Time and effort
Office	Time and effort

7<sup>th</sup> Judicial District Child Advocacy Center  
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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**14. New Accounting Pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Center has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**NOTE B – CASH AND INVESTMENTS**

At December 31, 2018 the bank balance of the funds deposited with the financial institutions was \$163,736, all of which was covered by FDIC insurance.

At December 31, 2018 investments consisted of certificates of deposit valued at \$110,000. All investments were considered level 1 investments.

**NOTE C – RECEIVABLES**

Grants receivable consist of the following at December 31, 2018:

Division of Criminal Justice – VOCA	\$ 14,322
Office on Violence Against Women – OVW	8,559
Mathews Children’s Foundation	<u>1,000</u>
	<u>\$ 23,881</u>

The grants receivable are due within one year and the allowance for doubtful receivables is \$0.

Pledges receivable consists of the following at December 31, 2018:

Pledges due within one year	<u>\$ 12,500</u>
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The pledges receivable are due within one year and the allowance for doubtful receivables is \$0.

7<sup>th</sup> Judicial District Child Advocacy Center  
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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE D – PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment at December 31, 2018 consist of the following:

Building and improvements	\$ 385,461
Equipment	62,375
Furniture and fixtures	<u>4,172</u>
	452,008
Less accumulated depreciation	<u>(160,613)</u>
	291,395
Land	<u>50,000</u>
	<u>\$ 341,395</u>

Depreciation expense for the year ending December 31, 2018 was \$18,515.

**NOTE E – REVENUES**

In 2018, 58% of the Center's total support and revenue was attributed to three granting agencies.

**NOTE F – OPERATING LEASE**

In June of 2016 the Center entered into a 3-year agreement to lease space in an office building in Gunnison, Colorado. The lease payments increase by \$50 each year. Rental expenses for 2018 were \$14,100.

Future minimum lease payments under the operating lease for the years following December 31, 2018 are as follows:

<u>Year</u>	
2019	<u>\$ 7,200</u>
Total	<u>\$ 7,200</u>

**NOTE G – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 25, 2019 (date of availability of financial statements for issuance) for necessary disclosures and/or financial statement adjustments. Disclosures and/or adjustments identified by management, as applicable, are included in the financial statements.

7<sup>th</sup> Judicial District Child Advocacy Center  
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NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE H – AVAILABILITY AND LIQUIDITY**

The Center has \$300,715 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$154,334, investments of \$110,000, and grants and pledges receivable of \$36,381. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The pledges receivable are subject to implied time restrictions but are expected to be collected within one year.

The Center has a goal to have a working capital reserve sufficient to keep operating for at least a six-month period (approximately \$155,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.