7TH JUDICIAL DISTRICT CHILD ADVOCACY CENTER
DBA THE DOLPHIN HOUSE

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2022

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of 7th Judicial District Child Advocacy Center dba The Dolphin House (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 7th Judicial District Child Advocacy Center dba The Dolphin House as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 7th Judicial District Child Advocacy Center dba The Dolphin House and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 7th Judicial District Child Advocacy Center dba The Dolphin House's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

2499 Hwy. 6&50
Grand Junction, CO 81505
www.csdcpa.com
e-mail info @ csdcpa.com
970-245-3000
FAX 970-242-4716
TOLL FREE 877-245-8080

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 7th Judicial District Child Advocacy Center dba The Dolphin House's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 7th Judicial District Child Advocacy Center dba The Dolphin House's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

Chadwick, Steinkirchner, Davis & Co., P.C.
June 6, 2023

7th Judicial District Child Advocacy Center dba The Dolphin House

STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS		
Cash	$	698,987
Contributions receivable		52,836
Beneficial interest in assets held by others		45,980
Property, plant and equipment		298,458
TOTAL ASSETS	$	1,096,261
LIABILITIES		
Accounts payable	$	2,382
Accrued liabilities		13,529
Deferred revenue		20,800
TOTAL LIABILITIES		36,711
NET ASSETS		
Without donor restrictions		994,920
With donor restrictions		64,630
TOTAL NET ASSETS		1,059,550
TOTAL LIABILITIES AND NET ASSETS	$	1,096,261

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, 2022

	Without donor restriction	With donor restriction	Total
SUPPORT			
Contributions	$ 448,238	$ 13,650	$ 461,888
Special events (net of expenses of $19,732)	59,380	-	59,380
Investment return, net	480	(6,369)	(5,889)
Total support	508,098	7,281	515,379
EXPENSES			
Program services	289,576	-	289,576
Supporting services			
Management and general	80,254	-	80,254
Fundraising	13,752	-	13,752
Total supporting services	94,006	-	383,582
Total expenses	383,582	-	383,582
CHANGE IN NET ASSETS	124,516	7,281	131,797
Net assets at beginning of year	870,404	57,349	927,753
Net assets at end of year	$ 994,920	$ 64,630	$ 1,059,550

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, 2022

	Program Services	Supporting Services		
	Center	Management and General	Fundraising	Total
Compensation and Benefits	$ 187,994	$ 32,123	$ 10,837	$ 230,954
Employee Health Insurance	27,957	4,945	1,612	34,514
Payroll Taxes	17,173	3,037	990	21,200
Fees - Accounting	-	4,250	-	4,250
Fees - Other	-	6,461	-	6,461
Advertising and Promotion	-	313	313	626
Office Expense	1,651	9,868	-	11,519
Information Technology	5,586	-	-	5,586
Occupancy	4,052	1,351	-	5,403
Travel	3,622	-	-	3,622
Conferences and Meetings	1,094	-	-	1,094
Depreciation	12,894	2,531	-	15,425
Insurance	-	8,135	-	8,135
Contract Services	22,927	2,575	-	25,502
Maintenance and Repairs	-	3,687		3,687
Supplies	1,355	978		2,333
Education and Training	3,271	-	-	3,271
	$ 289,576	$ 80,254	$ 13,752	$ 383,582

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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:		
Contributions received	$	479,347
Other special events and fees received		59,380
Interest received		480
Cash paid to suppliers and employees		(361,524)
Net cash provided (used) by operating activities		177,683
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment		(3,801)
Net cash provided (used) by investing activities		(3,801)
Net increase (decrease) in cash		173,882
Cash at beginning of year		525,105
Cash at end of year	$	698,987
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets from operations	$	131,797
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation		15,425
Unrealized loss on investment		6,369
(Increase) decrease in contributions receivable		(3,341)
(Increase) decrease in prepaid expense		5,270
Increase (decrease) in deferred revenue		20,800
Increase (decrease) in accounts payable		2,332
Increase (decrease) in accrued liabilities		(969)
Total adjustments		45,886
Net cash provided (used) by operating activities	$	177,683

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

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

1. Nature of Activities

The 7th 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 7th 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 currently has donor restricted net assets of $64,153.

Donor-restricted contributions are 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.

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.

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. Contributions 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, 2022, the Center's contributions receivable consisted of unconditional promises to give in the amount of $7,075, 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.

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

NOTE B – CASH AND INVESTMENTS

At December 31, 2022 the bank balance of the funds deposited with the financial institutions was $697,226, $669,112 of which was covered by FDIC insurance.

NOTE C – RECEIVABLES

Contributions and grants receivable consist of the following at December 31, 2022:

Division of Criminal Justice – VOCA	$ 43,761
Other contributions	9,075
	$ 52,836

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

NOTE D – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31, 2022 consist of the following:

Building and improvements	$ 388,580
Equipment	73,925
Furniture and fixtures	5,974
	468,479
Less accumulated depreciation	(220,022)
	248,458
Land	50,000
	$ 298,458

Depreciation expense for the year ending December 31, 2022 was $15,425.

NOTE E – REVENUES

In 2022, 77% of the Center's total support and revenue was attributed to two granting agencies.

NOTE F – RESTRICTIONS ON NET ASSETS

All donor-restricted contributions are reported as increases in net assets with donor restrictions. Net assets with donor restrictions include donor-restricted contributions restricted by and time and purpose, as well as those that are held in perpetuity, depending on the nature of the restrictions. When a restriction expires, net assets with time and purpose restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

NOTE F – RESTRICTIONS ON NET ASSETS – CONTINUED

Net assets held in perpetuity consist of assets the Center has transferred to the Montrose Community Foundation (the "Foundation"), which is holding them as endowed component funds ("Funds") for the benefit of the Center. The Center has granted the Foundation variance power which gives the Foundation's Board of Trustees the power to use the Funds for other purposes in certain circumstances. The Funds are subject to the Foundation's investment and spending policies which allow distributions from investment earnings to the Center to support the charitable purposes for which the Funds were established. Distributions of principal are subject to approval by the Foundation, and are intended only in the event that the income from the Funds are insufficient to the meet the Center's needs.

The Center reports the fair value of the Funds as Beneficial Interest in Assets Held by Others in the statement of financial position and reports distributions received as investment income. Changes in the value of the Funds are reported as gains or losses in the statement of activities.

The total amount of net assets restricted in perpetuity at December 31, 2022 was $45,980. An additional $18,650 is donor restricted to be used towards construction of a new building.

Changes in the Funds for the year ended December 31, 2022, are as follows:

	Operating Endowment	Capital Endowment
Balance at December 1, 2021	$ 38,100	$ 14,249
Contributions received	983	310
Share of appreciation of Fund	(5,510)	(2,152)
Balance at December 1, 2022	$ 33,573	$ 12,407

NOTE G – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 5, 2023 (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.

NOTE H – AVAILABILITY AND LIQUIDITY

The Center has $733,173 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash of $680,337, and grants and contributions receivable of $52,836. None of the financial assets are subject to donor or other contractual restrictions

NOTE H – AVAILABILITY AND LIQUIDITY – CONTINUED

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 $200,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.