Denver Children's Advocacy Center

Consolidated Financial Statements and Single Audit Reports

December 31, 2022
(With Comparative Totals for December 31, 2021)

(With Independent Auditor's Report Thereon)

Kundinger, Corder & Montoya, P.C.
Certified Public Accountants

Denver Children's Advocacy Center

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Denver Children's Advocacy Center (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization 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 of Opinion

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. 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 the Organization 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 consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2, U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Board of Directors
Denver Children's Advocacy Center

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2023 on our consideration of the Organization'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 solely 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 effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information
The consolidated financial statements of the Organization at December 31, 2022, include summarized comparative information for December 31, 2021, which was audited by another firm who expressed an unmodified opinion on those statements in their report dated August 17, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Kundinger, Corder & Montoya, P.C.

June 14, 2023

Denver Children's Advocacy Center
Consolidated Statement of Financial Position
December 31, 2022
(With Summarized Comparative Totals as of December 31, 2021)

	2022	2021
Assets		
Cash and cash equivalents	$ 3,261,071	2,771,747
Accounts receivable	56,345	69,837
Grants and contributions receivable (note 3)	250,813	233,258
Investments (note 4)	530,938	615,600
Prepaid expenses and other assets	14,970	51,007
Property and equipment, net (note 5)	1,654,474	1,728,101
Total assets	$ 5,768,611	5,469,550
Liabilities and Net Assets		
Accounts payable	$ 18,285	68,905
Accrued expenses	42,163	37,773
Refundable advances	519,398	591,615
Deferred revenue	8,500	8,500
Paycheck Protection Program note payable (note 9)	–	281,547
Total liabilities	588,346	988,340
Net assets (note 6)		
Without donor restrictions		
Board designated	582,053	568,003
Undesignated	4,434,665	3,647,648
	5,016,718	4,215,651
With donor restrictions	163,547	265,559
Total net assets	5,180,265	4,481,210
Commitment (notes 8)		
Total liabilities and net assets	$ 5,768,611	5,469,550

See the accompanying notes to the consolidated financial statements.

Denver Children's Advocacy Center
Consolidated Statement of Activities
Year Ended December 31, 2022
(With Summarized Comparative Totals for 2021)

	Without donor restrictions	With donor restrictions	Total 2022	Total 2021
Revenue				
Government grants	$ 806,852	–	806,852	581,969
Forgiveness of Paycheck Protection Program loans (note 9)	281,547	–	281,547	261,500
Grants and contributions	1,403,211	240,352	1,643,563	1,356,731
Program service revenue	485,755	–	485,755	512,956
Donated services (note 7)	86,564	–	86,564	92,275
Special events, net	33,763	–	33,763	60,904
Investment return (note 4)	(105,361)	–	(105,361)	57,396
Net assets released from restrictions (note 6)	342,364	(342,364)	–	–
Total revenue, gains and support	3,334,695	(102,012)	3,232,683	2,923,731
Expenses				
Program services	2,056,200	–	2,056,200	1,927,233
Supporting services				
Management and general	270,311	–	270,311	263,596
Fund raising	207,117	–	207,117	215,620
Total supporting services	477,428	–	477,428	479,216
Total expenses	2,533,628	–	2,533,628	2,406,449
Change in net assets	801,067	(102,012)	699,055	517,282
Net assets at beginning of year	4,215,651	265,559	4,481,210	3,963,928
Net assets at end of year	$ 5,016,718	163,547	5,180,265	4,481,210

See the accompanying notes to the consolidated financial statements.

Denver Children's Advocacy Center

Consolidated Statement of Functional Expenses
Year Ended December 31, 2022
(With Summarized Comparative Totals for 2021)

			Supporting Services				
		Total Program Services	Management and general	Fund raising	Total Supporting Services	2022 Total	2021 Total
Payroll and related expenses	$	1,533,175	157,686	130,454	288,140	1,821,315	1,836,905
Subgrant expense		113,818	–	–	–	113,818	11,453
Contract labor		55,971	50,499	3,075	53,574	109,545	93,815
Depreciation and amortization		82,624	5,679	4,958	10,637	93,261	104,016
Donated services		83,541	539	2,484	3,023	86,564	92,275
Occupancy expenses		56,948	3,788	3,562	7,350	64,298	51,917
Grant writing and research		–	–	52,500	52,500	52,500	43,125
Supplies		42,795	815	658	1,473	44,268	19,875
Insurance		31,540	1,771	2,023	3,794	35,334	33,263
Professional fees		–	29,400	–	29,400	29,400	19,755
Technology		13,538	1,144	3,730	4,874	18,412	31,125
Travel and entertainment		16,591	399	779	1,178	17,769	8,152
Bad debt expense		–	11,723	–	11,723	11,723	18,268
Printing and postage		8,937	586	1,637	2,223	11,160	10,378
Staff training		7,900	–	–	–	7,900	9,206
Miscellaneous		3,830	3,181	361	3,542	7,372	10,841
Dues and subscriptions		3,558	2,950	207	3,157	6,715	10,507
Advertising		1,434	151	689	840	2,274	1,573
Total expenses	$	2,056,200	270,311	207,117	477,428	2,533,628	2,406,449

See the accompanying notes to the consolidated financial statements.

Denver Children's Advocacy Center

Consolidated Statement of Cash Flows
Year Ended December 31, 2022
(With Summarized Comparative Totals for 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	$ 699,055	517,282
Adjustments to reconcile change in net assets		
to cash provided by operating activities		
Depreciation	93,261	104,016
Bad debt expense	11,723	18,268
Unrealized losses (gains) on investments	119,411	(46,122)
Forgiveness of Paycheck Protection Program loans	(281,547)	(261,500)
Changes in operating assets and liabilities		
Accounts receivable	1,769	(50,655)
Grants and contributions receivable	(17,555)	–
Prepaid expense and other assets	36,037	(45,460)
Accounts payable	(50,620)	50,909
Accrued expenses	4,390	(8,284)
Refundable advances	(72,217)	(37,520)
Net cash provided by operating activities	543,707	240,934
Cash flows from investing activities		
Net purchases of property and equipment	(19,634)	(16,576)
Net purchases of investments	(34,749)	(24,873)
Net cash used in investing activities	(54,383)	(41,449)
Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	–	281,547
Net cash provided by financing activities	–	281,547
Net increase in cash and cash equivalents	489,324	481,032
Cash and cash equivalents at beginning of year	2,771,747	2,290,715
Cash and cash equivalents at end of year	$ 3,261,071	2,771,747

See the accompanying notes to the consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

Denver Children's Advocacy Center (the Organization) is a not-for-profit organization whose mission is to prevent abuse, strengthen families, and restore childhood. The Organization strives to ensure that every child in the Denver metropolitan area who has been traumatized by sexual abuse or by witnessing homicide or domestic violence receives immediate, compassionate, and effective forensic interviewing; assessment; and, if needed, mental health and medical treatment.

The Organization supports the following programmatic activities:

The Treatment and Integrated Services Program provides assessment and mental health services for children ages 1 to 17 who have been sexually abused or who have experienced other trauma. The Organization strengthens vulnerable families by ensuring their access to a wide range of supportive services.

The Rapid Response Program provides child forensic interviews that are of vital importance to the investigation and prosecution of child sexual assault and other crimes against children. Bilingual victim advocacy services are available to every client at the Organization.

The Community Outreach Program operates with the goal of providing effective tools to prevent abuse. When working with a school through the Denver Safe from the Start prevention program, the Organization educates parents, caregivers, and teachers on healthy sexual developments, signs of abuse and neglect, and the resources to respond to abuse. Additional education is also offered in the form of training workshops, and seminars for professionals, nonoffending family members, and the service community involved with child abuse and neglect.

The Advocacy Center Foundation (ACF), a supporting 501(c)(3) organization, was formed in May 2005 to administer the proceeds from donations of clothing and household articles given on behalf of the Organization. As a supporting organization, ACF is incorporated as a separate legal entity, and the Organization is the sole voting member of ACF. The activities of ACF are required to be consolidated under generally accepted accounting principles (U.S. GAAP). All intercompany transactions have been eliminated in consolidation.

ACF was formed to handle the proceeds from the conversion of donated clothing and household articles to cash in order to help support the Organization's exempt purpose. ACF was formerly contracted with a third party for maintenance duties of donation drop boxes, as well as the pickup and delivery of the donated goods to the contracted purchaser. The contracted purchaser then paid ACF for the goods received, and ACF paid the third party for maintenance duties.

The Organization was notified that the vendor ACF utilized to support the donation of clothes and household articles was no longer able to provide this service beginning in March 2017. The Organization was unable to identify a replacement vendor, and ACF operations ceased in June 2017. ACF continues to hold two cash accounts.

(1) Summary of Significant Accounting Policies, Continued

(b) Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

The Organization is required to present 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-imposed 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 Organization'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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. At December 31, 2022, there are no net assets with perpetual donor restrictions.

(d) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with original maturities of three months or less, and which are not held as a part of the investment portfolio, to be cash equivalents.

(e) Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents, investments and receivables. The Organization places its cash and cash equivalents with creditworthy, high quality, financial institutions. At times, a portion of these cash balances may not be insured by the Federal Deposit Insurance Corporation or related entity. Investments are made and monitored by the management of the Organization pursuant to an investment policy adopted by the Organization. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes that the investment policy is prudent for the long-term welfare of the Organization. Credit risk with respect to receivables is generally diversified due to the large number of entities and creditworthiness of the organizations from whom amounts are due.

(f) Property and Equipment

Property and equipment is recorded at cost. The organization capitalizes all expenditures for property and equipment in excess of $1,000 with a useful life of more than one year. Depreciation is computed using the straight-line method over estimated useful lives of the assets ranging from five to thirty years.

(1) Summary of Significant Accounting Policies, Continued

(g) Investments

Investments are recorded at cost if purchased, or at fair value, if donated. Thereafter investments are reported at their fair values in the consolidated statement of financial position and changes in fair value are reported as investment return in the consolidated statement of activities. Fair value is determined as more fully described below. The Organization's management is responsible for the fair value measurement of investments reported in the consolidated financial statements and believes the reported values are reasonable. Investment return consists of the Organization's distributive share of any interest, dividends, and capital gains and losses generated from sales of investments. Gains and losses attributable to investments are realized and reported upon a sale or disposition of the investment. Unrealized gains and losses are included in the change in net assets in the consolidated statement of activities.

(h) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles in the U.S. establishes a fair value hierarchy that prioritizes investments based on the assumptions market participants would use when pricing an asset. 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).

Assets are grouped 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 Inputs other than quoted market prices that are observable for the asset/liability, either directly or indirectly.

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

(i) Revenue Recognition

<u>Government grants and grants and contributions</u>
Grants and contributions are recognized when cash or unconditional promises to give are received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met. Should the Organization substantially meet all the conditions in the same period that the contribution was recognized, and barring any further donor-imposed restrictions, the Organization has elected to recognize the revenue in net assets without donor restrictions. Payments received in advance of conditions being met are recorded as refundable advances in the consolidated statement of financial position.

(1) Summary of Significant Accounting Policies, Continued

(i) Revenue Recognition, Continued

Government grants and grants and contributions, Continued
Refundable advances totaled $519,398 and $591,615 at December 31, 2022 and 2021, respectively. Conditional grants and contributions from foundations and other organizations totaling $1,263,726, have not been recognized at December 31, 2022 as the conditions have not been met.

Federal, state, and local government grants are treated as contributions that are conditioned upon specific performance requirements and the incurrence of allowable qualifying expenses. At December 31, 2022, conditional government contributions total $0.

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. 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 consolidated statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same year in which the contribution is received are reported as contributions without donor restrictions in the accompanying consolidated financial statements.

Grants and contributions receivable are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. At December 31, 2022 all grants and contributions receivable are expected to be collected within one year. The Organization uses the allowance method to determine uncollectable amounts. In determining the collectability of receivables, management considers past collection experience and performs an analysis of subsequent collections. Accounts deemed uncollectable are charged to the allowance in the year they are deemed uncollectable. At December 31, 2022, management considers all grants and contributions receivable to be collectible; and, therefore, no allowance has been recognized.

Program service revenue
Program service revenue consists of fee for service contracts and miscellaneous income for training programs. Program service revenue is generated through service contracts covering a number of services, including forensic interviews, mental health consultations, and reimbursable therapy sessions. Revenue generated through these services is recognized in the period that the services are provided based on established rates. The Organization has performance obligations related to providing individual services at a point in time, such as interviews, consultations, and therapy sessions. Revenue is recognized at a point in time when the related service is provided and the performance obligation is met. Fees are billed for services provided on a monthly basis. Payments received in advance of services provided are recognized as deferred revenue. The Organization has deferred revenue totaling $8,500 at December 31, 2022. Total accounts receivable related to contracts with customers as of December 31, 2022 were $56,345.

(1) Summary of Significant Accounting Policies, Continued

(i) Revenue Recognition, Continued

Special events
Special events is comprised of revenue from an exchange transaction equal to the cost of direct benefits to donors, and contribution revenue for amounts received in excess of direct costs. Contribution revenue is recognized following revenue recognition policies discussed above. Exchange transaction revenue is recognized the day the event takes place. For the year ended December 31, 2022, special events revenue is shown net of the costs of direct benefits to donors totaling $6,443.

Donated Goods and Services
Donated goods are recorded at fair value at the date of the donation. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In addition, a number of volunteers have donated time in connection with the Organization's activities. No amounts have been reflected in the accompanying consolidated financial statements because the services do not meet the recognition criteria under generally accepted accounting standards.

(j) Advertising

The Organization expenses advertising costs, including donated advertising, as incurred. Total advertising costs for the year ended December 31, 2022 was $1,573.

(k) Functional Allocation of Expenses

The costs of providing various programs and other supporting activities have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities that benefit both its program objective as well as supporting services (i.e. fund raising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount, square-footage, or estimates of time and effort incurred by personnel. Costs that are allocated include salaries, benefits, payroll taxes, office expenses, technology, occupancy, and insurance.

(l) Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure on contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(1) Summary of Significant Accounting Policies, Continued

(m) Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction. However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income. There were no unrelated business activities during the year ended December 31, 2022.

Management is required to evaluate tax positions taken by the Organization and recognize a liability (or asset) if a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The Organization has analyzed the tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements and determined there are none. The three previous tax years remain subject to examination by the IRS.

(n) Subsequent Events

The Organization has evaluated subsequent events through June 14, 2023, the date the consolidated financial statements were available to be issued.

(o) Adoption of New Accounting Pronouncement

During 2022, the Organization adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard is aimed at increasing transparency of contributed nonfinancial assets. See note 7. The amendments under this accounting standard update do not change the recognition and measurement requirements for contributed nonfinancial assets. Accordingly, there is no effect on net assets in connection with the implementation of ASU No. 2020-07.

(p) Prior Year Information

The accompanying consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Denver Children's Advocacy Center's consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

(q) Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. These reclassifications had no effect on the previously reported net assets.

(2) Liquidity and Availability of Financial Assets

The following table reflects the Organization's financial assets that are available for general expenditure within one year as of December 31, 2022:

Financial assets at year-end	
Cash and cash equivalents	$ 3,261,071
Accounts receivable	56,345
Grants and contracts receivable	250,813
Investments	530,938
Total financial assets	4,099,167
Less board designated funds	(582,053)
Financial assets available for general expenditures within one year	$ 3,517,114

The Organization has developed an investment policy and holds short-term, conservative investments in the form of stocks, mutual funds, and cash. The Organization has structured its investment priorities to allow for a high level of liquidity. The Organization invests its financial assets in a manner consistent with the concept of prudent money management, seeking returns within reasonable levels of risk.

The Organization's board of directors has designated a portion of net assets without donor restrictions for specific purposes (see note 6). Although the Organization does not intent to spend from the board-designated funds, the funds could be made available for current operations, with board approval, if needed. The Organization considers donor restricted contributions for on-going programs to be available for expenditure, provided they are available for expenditure within the next twelve months.

(3) Contributions Receivable

Contributions receivable at December 31, 2022 total $250,813 and are expected to be collected in 2023.

(4) Investments

Investments consist of the following at December 31, 2022:

Cash and cash equivalents	$ 1,698
Mutual funds	529,240
Total investments	$ 530,938

Investment return consists of the following for the year ended December 31, 2022:

Interest and dividends	$ 14,050
Net realized and unrealized loss	(119,411)
Total investment return	$ (105,361)

All of the Organization's investments have been valued using level 1 inputs. All assets have been valued using a market approach. There have been no changes in the valuation technique during the current year.

(5) Property and Equipment

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

Land	$ 343,066
Buildings	1,875,123
Building improvements	440,799
Furniture, fixtures, and equipment	340,325
Software	110,275
	3,109,588
Less accumulated depreciation and amortization	(1,455,114)
Total property and equipment, net	$ 1,654,474

(6) Net Assets

Board Designated Net Assets
Board designated funds consist of a working capital reserve and a facility reserve to cover the cost of future facility repairs and maintenance.

Board designated net assets consist of the following at December 31, 2022:

Working capital reserve	$ 450,000
Facility reserve	132,053
Total board designated funds	$ 582,053

Net Assets with Donor Restrictions
Net assets with donor restrictions consisted of the following at December 31, 2022:

Net assets restricted for specific purpose:	
Community Outreach	$ 58,456
Rapid Response	45,091
Treatment	60,000
Total net assets with donor restriction	$ 163,547

Net assets released from restrictions consisted of the following for the year ended December 31, 2022:

Community Outreach	$ 135,756
Rapid Response	40,261
Treatment	166,347
Total net assets released from restrictions	$ 342,364

(7) Donated Services

During the year ended December 31, 2022, the Organization received the following donated services:

Program interns	$	78,564
Advertising and marketing services		2,000
Other professional services		6,000
Total donated services	$	86,564

The Organization receives in-kind contributions of time and pro bono services from Master's degree interns who provide mental health treatment services. Additionally, the Organization receives contributions of time and pro bono services from Bachelor's degree interns who provide victim advocacy and child abuse prevention services. The Organization reports the value of services provided using current rates for similar professional services. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation. A majority of the donated services were utilized by the Organization's program services.

(7) Donated Services, Continued

The Organization receives donated advertising, marketing, and other professional services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and are expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates fair value based on the date, time, and market in which each service is rendered.

Unless otherwise noted, there were no donor-imposed restrictions associated with these donated goods and services. The Organization does not sell donated gifts in-kind and only uses services for its own program or supporting service activities.

(8) Retirement Plan

The Organization sponsors two defined contribution tax deferred annuity plans (the Plans), as outlined in Sections 403(b) and 457(b) of the Code, respectively. Employees are eligible to participate in the 403(b) plan once they have satisfied the age and service requirements. The 457(b) plan is for certain officers of the Organization. The Organization contributed $18,432 to the Plans on behalf of participating employees during the year ended December 31, 2022. The Organization also provides employees the opportunity to contribute additional amounts on a pretax basis to the Plans. The Plans allow employees to defer a discretionary amount of their salaries, not to exceed the limit defined by the Plans.

(9) Paycheck Protection Program Loan

In April 2021, the Organization received a $281,547 loan under the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) authorized under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). In April 2022, the loan was fully forgiven, and contribution revenue totaling $281,547 was recognized.

Denver Children's Advocacy Center
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal grantor/pass-through grantor/program title	Identifying number	Federal award year	Assistance listing number		Federal expend-itures
U.S. Department of Justice					
Pass-through from State of Colorado					
Crime Victim Assistance	2020-VA-21-529-02	1/1/21-12/31/22	16.575	$	626,065
Pass-through from the National Children's Alliance					
Domestic Trafficking Victim Program	DENV-CO-DTVF22	4/1/22-12/31/22	16.834	$	47,953
Improving the Investigation and Prosecution of Child Abuse and the Regional Local Children's Advocacy Centers	DENV-CO-CORE22	4/1/22-12/31/22	16.758	$	45,908
Total U.S. Department of Justice					719,926
U.S. Department of the Treasury					
Pass-through from State of Colorado					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	DV02-ARPA-22G-05	1/1/22-6/30/22	21.027	$	33,951
Total U.S. Department of the Treasury					33,951
Total Expenditures of Federal Awards				$	753,877

Notes to the Schedule of Expenditures of Federal Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award grant activity of Denver Children's Advocacy Center (the Organization) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization it is not intended to and does not present the financial position, changes in net assets, or cash flows of the

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Notes to the Schedule of Expenditures of Federal Awards, Continued

Note 3: Indirect Cost Rate

The Organization has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance. The Organization has agreed to indirect cost rates based on approved budgets, between 0% and 10%.

Note 4: Subrecipient Awards

There were no awards passed through by the Organization to subrecipients.

Kundinger, Corder & Montoya, P.C.
Certified Public Accountants

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Denver Children's Advocacy Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Denver Children's Advocacy Center (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 14, 2023.

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

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

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

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

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Board of Directors
Denver Children's Advocacy Center

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

Kundinger, Corder & Montoya, P.C.

June 14, 2023

Kundinger, Corder & Montoya, P.C.
Certified Public Accountants

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Denver Children's Advocacy Center

Report on Compliance For Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Denver Children's Advocacy Center's (the Organization's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

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Auditor’s Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization’s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors
Denver Children's Advocacy Center

Report on Internal Control over Compliance, Continued
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kundinger, Corder & Montoya, P.C.

June 14, 2023

A. Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on whether the consolidated financial statements of Denver Children's Advocacy Center (the Organization) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the consolidated financial statements are reported in the *Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.* No material weaknesses are reported.
3. No instances of noncompliance material to the consolidated financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.
4. No significant deficiencies related to the audit of the major federal award programs are reported in the *Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance*. No material weaknesses are reported.
5. The auditor’s report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings related to major programs that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as a major program was U.S. Department of Justice, Crime Victim Assistance, Assistance Listing Number (ALN) 16.575.
8. The threshold for distinguishing between Type A and B programs was $750,000.
9. Denver Children’s Advocacy Center was determined not to be a low-risk auditee.

B. Findings-Financial Statement Audit

None.

C. Findings and Questioned Costs-Major Federal Award Programs Audit

None.

Denver Children's Advocacy Center
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2022

There were no findings reported in the audit for the year ended December 31, 2021.