



Denver Children's Advocacy Center

*Consolidated Financial Statements
For the Years Ended December 31, 2012 and 2011*

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Hein & Associates LLP
1999 Broadway
Suite 4000
Denver, Colorado 80202

www.heincpa.com
p 303.298.9600
f 303.298.8118

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Denver Children's Advocacy Center
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying consolidated statements of financial position of the Denver Children's Advocacy Center (DCAC or the "Organization") and its supporting entity, Advocacy Center Foundation (ACF) as of December 31, 2012 and 2011, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization and its supporting entity as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hein & Associates LLP

Denver, Colorado
April 29, 2013

DENVER CHILDREN'S ADVOCACY CENTER

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2012	2011
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 788,166	\$ 288,145
Certificates of deposit	103,590	410,061
Accounts receivable	13,168	12,392
Grants and contributions receivable	267,760	161,765
Prepaid expenses	—	5,187
Total current assets	<u>1,172,684</u>	<u>877,550</u>
PROPERTY AND EQUIPMENT, net	2,042,693	1,927,208
LOAN ORIGATION COSTS, net	<u>5,702</u>	<u>—</u>
TOTAL ASSETS	<u>\$ 3,221,079</u>	<u>\$ 2,804,758</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 46,848	\$ 19,769
Accrued liabilities	16,883	12,729
Current portion of notes payable	<u>24,454</u>	<u>14,418</u>
Total current liabilities	88,185	46,916
NOTES PAYABLE, net of current portion	<u>460,093</u>	<u>479,735</u>
TOTAL LIABILITIES	<u>548,278</u>	<u>526,651</u>
NET ASSETS:		
Unrestricted:		
Undesignated	2,316,507	2,263,107
Temporarily restricted	<u>356,294</u>	<u>15,000</u>
Total net assets	<u>2,672,801</u>	<u>2,278,107</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,221,079</u>	<u>\$ 2,804,758</u>

See accompanying notes to these consolidated financial statements.

DENVER CHILDREN'S ADVOCACY CENTER
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES, GRANTS, AND OTHER SUPPORT:			
Grants	\$ 522,966	\$ —	\$ 522,966
Foundations	493,868	223,522	717,390
Contributions:			
Individuals	210,757	50,000	260,757
Corporations	<u>59,983</u>	<u>—</u>	<u>59,983</u>
	<u>1,287,574</u>	<u>273,522</u>	<u>1,561,096</u>
Special event:			
Event revenue	161,318	—	161,318
Less: costs of direct benefits to donors	<u>(50,528)</u>	<u>—</u>	<u>(50,528)</u>
Net special event	<u>110,790</u>	<u>—</u>	<u>110,790</u>
Interest income	1,770	—	1,770
In-kind contributions	16,307	—	16,307
Fee income	269,421	—	269,421
Donations released from restrictions	<u>15,000</u>	<u>(15,000)</u>	<u>—</u>
Total revenues, grants, and other support	<u>1,700,862</u>	<u>258,522</u>	<u>1,959,384</u>
EXPENSES:			
Program services	1,213,592	—	1,213,592
Supporting services:			
Management and general	192,083	—	192,083
Fundraising	<u>159,015</u>	<u>—</u>	<u>159,015</u>
	<u>351,098</u>	<u>—</u>	<u>351,098</u>
TOTAL EXPENSES	<u>1,564,690</u>	<u>—</u>	<u>1,564,690</u>
CHANGE IN NET ASSETS	136,172	258,522	394,694
NET ASSETS, at beginning of year	<u>2,263,107</u>	<u>15,000</u>	<u>2,278,107</u>
NET ASSETS, at end of year	<u>\$ 2,399,279</u>	<u>\$ 273,522</u>	<u>\$ 2,672,801</u>

See accompanying notes to these consolidated financial statements.

DENVER CHILDREN'S ADVOCACY CENTER
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES, GRANTS, AND OTHER SUPPORT:			
Grants	\$ 609,015	\$ —	\$ 609,015
Foundations	248,671	15,000	263,671
Contributions:			
Individuals	53,385	—	53,385
Corporations	<u>92,295</u>	<u>—</u>	<u>92,295</u>
	<u>1,003,366</u>	<u>15,000</u>	<u>1,018,366</u>
Special event:			
Event revenue	102,365	—	102,365
Less: costs of direct benefits to donors	<u>(17,577)</u>	<u>—</u>	<u>(17,577)</u>
Net special event	<u>84,788</u>	<u>—</u>	<u>84,788</u>
Interest income	4,734	—	4,734
In-kind contributions	16,307	—	16,307
Fee income	201,990	—	201,990
Donations released from restrictions	<u>87,625</u>	<u>(87,625)</u>	<u>—</u>
Total revenues, grants, and other support	<u>1,398,810</u>	<u>(72,625)</u>	<u>1,326,185</u>
EXPENSES:			
Program services	1,239,584	—	1,239,584
Supporting services:			
Management and general	207,380	—	207,380
Fundraising	<u>166,014</u>	<u>—</u>	<u>166,014</u>
	<u>373,394</u>	<u>—</u>	<u>373,394</u>
TOTAL EXPENSES	<u>1,612,978</u>	<u>—</u>	<u>1,612,978</u>
CHANGE IN NET ASSETS	(214,168)	(72,625)	(286,793)
NET ASSETS, at beginning of year	<u>2,477,275</u>	<u>87,625</u>	<u>2,564,900</u>
NET ASSETS, at end of year	<u>\$ 2,263,107</u>	<u>\$ 15,000</u>	<u>\$ 2,278,107</u>

See accompanying notes to these consolidated financial statements.

DENVER CHILDREN'S ADVOCACY CENTER

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2012

	PROGRAM SERVICES	SUPPORTING SERVICES		
		MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Payroll	\$ 783,773	\$ 124,257	\$ 47,791	\$ 172,048
Payroll taxes	68,325	10,832	4,166	14,998
Employee benefits	123,029	20,303	5,738	26,041
Printing and postage	13,689	1,716	4,364	6,080
Travel and entertainment	4,281	969	1,251	2,220
Advertising	1,500	129	1,709	1,838
Program supplies	8,599	198	923	1,121
Grant writer	750	—	71,250	71,250
Professional fees	—	19,418	1,500	20,918
Telephone and Internet	12,166	2,018	545	2,563
Dues and subscriptions	8,212	958	1,386	2,344
Occupancy expenses	16,352	719	898	1,617
Insurance	22,974	1,010	1,262	2,272
Depreciation and amortization	88,949	3,910	4,887	8,797
Interest	26,415	1,161	1,451	2,612
Consultant/marketing	—	—	5,000	5,000
Contract labor	16,300	4,075	3,720	7,795
Miscellaneous	1,971	410	1,174	1,584
In-kind professional fees	16,307	—	—	—
	<u>\$ 1,213,592</u>	<u>\$ 192,083</u>	<u>\$ 159,015</u>	<u>\$ 351,098</u>

See accompanying notes to these consolidated financial statements.

DENVER CHILDREN'S ADVOCACY CENTER

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2011

	PROGRAM SERVICES	SUPPORTING SERVICES		
		MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Payroll	\$ 779,665	\$ 114,317	\$ 49,999	\$ 164,316
Payroll taxes	66,947	9,679	4,033	13,712
Employee benefits	105,912	16,092	5,168	21,260
Staff development/licensing	5,093	663	209	872
Printing and postage	15,096	970	5,803	6,773
Travel and entertainment	11,673	1,564	989	2,553
Advertising	7,500	—	787	787
Program supplies	30,905	384	541	925
Grant writer	—	—	67,000	67,000
Professional fees	—	37,563	—	37,563
Telephone and Internet	12,552	1,919	594	2,513
Computer expense	—	—	—	—
Dues and subscriptions	5,860	532	1,090	1,622
Utilities	11,073	487	608	1,095
Building repairs and maintenance	6,584	289	362	651
Insurance	19,877	874	1,092	1,966
Depreciation	93,082	4,092	5,114	9,206
Interest	35,218	1,548	1,935	3,483
Advocacy Center expense	—	—	3,849	3,849
Bank charges	1,766	255	106	361
Contract labor	11,064	13,875	16,695	30,570
Miscellaneous	3,410	2,277	40	2,317
In-kind professional fees	16,307	—	—	—
	<u>\$ 1,239,584</u>	<u>\$ 207,380</u>	<u>\$ 166,014</u>	<u>\$ 373,394</u>

See accompanying notes to these consolidated financial statements.

DENVER CHILDREN'S ADVOCACY CENTER

CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 394,694	\$ (286,793)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Depreciation and amortization	97,746	102,986
(Increase) decrease in certificates of deposit	306,471	(4,734)
(Increase) decrease in accounts receivable	(776)	2,554
(Increase) decrease in grants receivable	(105,995)	136,722
(Increase) decrease in prepaid expenses	5,187	(5,000)
Increase in other assets	(6,455)	-
Increase in accrued liabilities	4,154	6,636
(Decrease) increase in accounts payables	<u>27,079</u>	<u>(6,509)</u>
Net cash provided by (used in) operating activities	<u>722,105</u>	<u>(54,138)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(212,478)</u>	<u>(5,658)</u>
Net cash used in investing activities	<u>(212,478)</u>	<u>(5,658)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	(505,361)	(12,358)
Proceeds from note payable	<u>495,755</u>	<u>-</u>
Net cash used in financing activities	<u>(9,606)</u>	<u>(12,358)</u>
NET INCREASE (DECREASE) IN CASH	500,021	(72,154)
CASH AND CASH EQUIVALENTS, at beginning of year	<u>288,145</u>	<u>360,299</u>
CASH AND CASH EQUIVALENTS, at end of year	<u>\$ 788,166</u>	<u>\$ 288,145</u>
SUPPLEMENTAL INFORMATION:		
Cash paid during the year for interest	<u>\$ 29,028</u>	<u>\$ 38,701</u>
In-kind donations	<u>\$ 16,307</u>	<u>\$ 16,307</u>

See accompanying notes to these consolidated financial statements.

DENVER CHILDREN'S ADVOCACY CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **OPERATIONS, PROGRAMS AND SIGNIFICANT ACCOUNTING POLICIES:**

Operations – The mission of the Denver Children's Advocacy Center (DCAC or the "Organization") is to prevent abuse, strengthen families, and restore childhood. DCAC's goal is to ensure that any child in Metro Denver and neighboring counties who has been traumatized by sexual abuse, or by witnessing homicide or domestic violence, receives immediate, compassionate and effective forensic interviews, assessment and, if needed, mental health treatment.

Advocacy Center Foundation (ACF), a supporting 501(c)(3) organization, was formed in October, 2005 to handle the proceeds from donations of clothing and household articles given on behalf of DCAC. DCAC is fully in control of this supporting agency and, therefore, the operations of the entity are consolidated into these financial statements.

The Organization follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as the FASB. The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report the Organization's financial condition, results of operations and cash flows. References to GAAP issued by the FASB in these footnotes are to the *FASB Accounting Standards Codification*, sometimes referred to as the Codification of ASC.

Program Activities –

Child and Adolescent Assessment and Treatment Program, DCAC's cornerstone program, provides assessment and mental health services for children ages 1-17, who have been sexually abused or who have experienced other trauma. Children with strong family support respond much more positively to treatment than do children from fragile and fragmented families. Since the majority of children receiving mental health care at DCAC come from at-risk households, we strengthen vulnerable families by ensuring their access to a wide range of supportive services. DCAC uses the latest research and evidence-based practices such as the neuro-developmentally informed approach, high-risk cycle, and trauma-focused cognitive behavioral therapy (TF-CBT). DCAC ensures that the treatment plan is coordinated, as appropriate, with caseworkers, teachers, and other professionals working with the family. Intervention is adjusted according to the child's level of brain development at the time of the abuse or trauma. Then the process of rebuilding, step-by-step, the child's neurological responses damaged by trauma can begin.

Forensic Interviews and Evaluation are of vital importance to the investigation and prosecution of child sexual assault and other crimes against children. DCAC conducts developmentally appropriate interviews to ensure that the information provided by the child is both detailed and reliable utilizing state-of-the-art equipment in child-friendly interview facilities. Bilingual victim advocacy services are available to every case at DCAC.

Prevention through *Denver Safe from the Start*, DCAC's prevention program, began five years ago with the goal of reaching the community with tools to prevent abuse. When working with a school, DCAC educates parents, caregivers and teachers on healthy sexual development, signs of abuse and neglect, and the resources to respond to abuse.

DENVER CHILDREN'S ADVOCACY CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Education is offered in the form of trainings, workshops and seminars for professionals, non-offending family members, and the service community involved with child abuse and neglect. The *Access to Health* Program helps families apply for Family Medicaid and CHP+ health insurance with the state of Colorado. A bilingual Care Manager assists English and Spanish-speaking children and families apply for insurance and obtain temporary, immediate coverage while their applications are being processed.

Denver Child Fatality Review Committee is a multi-disciplinary team of professionals who meet monthly to review all child deaths in Denver County. DCAC administers the committee, which has been recognized as a model for other counties in developing similar programs. The primary purpose of the committee is preventive; to identify gaps in services and to recommend changes that might save lives in the future.

Financial Statement Presentation – According to FASB ASC 958-205-05, *Financial Statements of Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2012 and 2011, the Organization had no permanently restricted net assets.

The consolidated financial statements include the accounts of DCAC and its supporting entity, ACF. All significant intercompany balances and transactions have been eliminated in consolidation.

Grants and Contributions Receivable – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Organization reviews these promises for collectability and as of December 31, 2012 and 2011; all receivables and promises to give were determined to be collectible.

Income Taxes – No provision has been made for income taxes because the DCAC and ACF are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization is a not-for-profit Colorado corporation, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law.

The FASB issued guidance on accounting for uncertainty in income taxes. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. There are currently no federal or state income tax examinations underway. The Organization's tax years of 2009 and forward are subject to examination by federal and state taxing authorities.

DENVER CHILDREN'S ADVOCACY CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fair Value of Financial Instruments – The carrying amounts of the Organization's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued expenses, and notes payable, approximate fair value due to the short-term maturity of these instruments.

Property and Equipment – Property and equipment is stated at cost or donated value. The cost for normal maintenance and repairs are expensed as incurred. Significant expenditures to increase the life of the asset are capitalized. Depreciation is computed using the straight-line method over a period of five to seven years for furniture, fixtures and equipment, ten years for landscape improvements and 30 years for the building. Depreciation expense for the years ended December 31, 2012 and 2011 was \$97,746 and \$102,986, respectively.

Impairment of Long-Lived Assets – In the event that facts and circumstances indicate that the cost of property and equipment may be impaired, a recoverability of the net carrying costs will be performed. If an evaluation is required, the estimated future undiscounted cash flows associated with that asset will be compared to the asset's carrying value to determine if a write-down is required. The Organization has not recorded any impairment expense for the years ended December 31, 2012 and 2011.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, amounts held in banks and highly liquid investments purchased with an original maturity of three months or less. The Organization may have cash in banks in excess of federally insured amounts.

Certificates of Deposit – Certificates of deposit are interest bearing and held at financial institutions with maturities ranging from six to twenty-four months.

Use of Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may differ from these estimates.

Reclassifications – Certain items from the prior year have been reclassified for presentation purposes as of December 31, 2012.

2. **SOURCES OF SUPPORT AND REVENUES:**

The primary source of support and revenues of the Organization comes from individual, corporate and foundation contributions and Government grants. Grant support is made available by grants from the Denver Victims Assistance and Law Enforcement (VALE) program, the Victims of Crime Act (VOCA) grant, and the Sexual Assault Prevention Education (SAPF) program. Program fees also provide supplemental revenue. Contributions are recognized when the donor makes a promise to give to the Organization. Exchange revenue is recognized once the service has been provided and is included in grant revenue on the statement of activities.

DENVER CHILDREN'S ADVOCACY CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. **PROPERTY AND EQUIPMENT:**

Property and equipment consisted of the following as of December 31:

	<u>2012</u>	<u>2011</u>
Land	\$ 327,976	\$ 123,100
Buildings	1,545,155	1,545,155
Building remodel	379,382	379,382
Furniture and fixtures	115,895	115,895
Computers	55,041	51,507
Program equipment	11,851	8,483
Office equipment	<u>58,941</u>	<u>58,941</u>
	2,494,241	2,282,463
Less: accumulated depreciation	<u>(451,548)</u>	<u>(355,255)</u>
	<u>\$ 2,042,693</u>	<u>\$ 1,927,208</u>

4. **MORTGAGE LOAN PAYABLE:**

As of December 31, 2011, the Organization held two mortgage loans which were collateralized by its buildings located at 2139 Federal Blvd. and 2149 Federal Blvd. in Denver, Colorado. The Loans had an outstanding principal balance of as of December 31, 2011 of \$205,731 and \$288,422, respectively. As of December 31, 2012, both loans were paid off in full.

During the year ending December 31, 2012, the Organization refinanced its two loans into one loan with a principal balance of \$495,755, with an interest rate of 4.331%, maturing June 1, 2017. The loan is collateralized by the building located at 2139 Federal Blvd. Principal and interest are due in 59 equal installments of \$3,770 with one irregular last payment estimated at \$367,973. The balance outstanding as of December 31, 2012 was \$484,547.

The loan agreement contains certain financial covenants including maintaining specified ratios and a minimum net asset balance. As of December 31, 2012, the Organization was in compliance with all financial covenants.

DENVER CHILDREN'S ADVOCACY CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Maturities of long-term debt for the next five years as of December 31, 2012 are as follows:

2013	\$	24,454
2014		25,550
2015		26,695
2016		27,841
2017		<u>380,007</u>
	\$	<u>484,547</u>

Total interest expense for the years ended December 31, 2012 and 2011 was \$29,028 and \$38,701, respectively.

5. **EMPLOYEE BENEFIT PLAN:**

DCAC has established a defined contribution tax deferred annuity plan (the "Plan") as outlined in Section 403(b) of the U.S. Internal Revenue Code. The Plan covers all full-time employees employed more than one year. DCAC matches the employee's deferral up to the lesser of \$5,200 or 25% of the employee's contribution. DCAC contributed \$11,366 and \$8,918 to the Plan on behalf of employees during the years ended December 31, 2012 and 2011, respectively. DCAC's contribution is vested when funded. The employee can choose a variety of investment options. The funds are invested and managed by Franklin Templeton Group.

6. **DONATED GOODS AND SERVICES:**

In-kind services, which require special skills and are provided by individuals possessing those skills and would typically be purchased if not provided by donation, are recorded at their fair value in the period received. Supervisory services of child psychiatrists and other program professionals valued at \$16,307 and \$16,307, as of December 31, 2012 and 2011, respectively, were recorded as in-kind.

DCAC also receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

DENVER CHILDREN'S ADVOCACY CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. **TEMPORARILY RESTRICTED NET ASSETS:**

As of December 31, 2012 and 2011, temporarily restricted net assets consisted of the following:

	<u>2012</u>	<u>2011</u>
Time restrictions	\$ 50,000	\$ 15,000
Capacity building	6,000	-
Programs	142,772	-
Personnel development	<u>157,522</u>	<u>-</u>
	<u>\$ 356,294</u>	<u>\$ 15,000</u>

8. **ADVOCACY CENTER FOUNDATION:**

In May, 2005, DCAC formed ACF, a nonprofit Colorado corporation as a supporting organization to DCAC. DCAC is the sole voting member of ACF. ACF was formed to handle the proceeds from the conversion of donated clothing and household goods to cash in order to help support DCAC's exempt purpose. ACF has contracted with a third party for the maintenance and supervision of drop boxes and the pick up and delivery of the donated goods to the purchaser. The purchaser then pays the ACF for the goods received and the third party for the administration of the system.

For the years ended December 31, 2012 and 2011, DCAC received \$170,721 and \$147,600 in donations and incurred \$0 and \$3,849, respectively, in costs relating to this activity for net realized donations in the amount of \$170,721 and \$143,751, respectively.

9. **RELATED PARTY TRANSACTIONS:**

Individual Board members and related parties made contributions in the amount of \$535,299 and \$130,033 to the Organization for the years ended December 31, 2012 and 2011, respectively.

10. **CONCENTRATION OF CREDIT RISK:**

DCAC maintains its cash and cash equivalent balances at one financial institution in the form of demand deposits and certificates of deposit.

Accounts at certain financial institutions are currently insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, at all FDIC-insured institutions. There was approximately \$660,000 exceeding the federal insurable limits during 2012. As of December 31, 2011, there was approximately \$448,206 in demand deposits and certificates of deposit exceeding FDIC limits.

DENVER CHILDREN'S ADVOCACY CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. **SUBSEQUENT EVENTS:**

The Organization has evaluated subsequent events through April 29, 2013, the date on which the consolidated financial statements were available to be issued.