



**Denver Children's
Advocacy Center**

*Consolidated Financial Statements
and
Independent Auditor's Report
December 31, 2014 and 2013*

DENVER CHILDREN'S ADVOCACY CENTER

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	<u>PAGE</u>
Independent Auditor's Report	2
Consolidated Statements of Financial Position – December 31, 2014 and 2013	3
Consolidated Statement of Activities – For the Year Ended December 31, 2014	4
Consolidated Statement of Activities – For the Year Ended December 31, 2013	5
Consolidated Statement of Functional Expenses – For the Year Ended December 31, 2014	6
Consolidated Statement of Functional Expenses – For the Year Ended December 31, 2013	7
Consolidated Statements of Cash Flows – For the Years Ended December 31, 2014 and 2013	8
Notes to Consolidated Financial Statements	9



Hein & Associates LLP www.heincpa.com
1999 Broadway, Suite 4000 p 303.298.9600
Denver, Colorado 80202 f 303.298.8118

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Denver Children's Advocacy Center which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, the related consolidated statements of activities, the consolidated statements of 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 audits 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 Denver Children's Advocacy Center as of December 31, 2014 and 2013, and the changes in its net assets and its 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
May 27, 2015

DENVER CHILDREN'S ADVOCACY CENTER

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	DECEMBER 31,	
	2014	2013
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 539,672	\$ 584,452
Certificates of deposit	355,261	354,135
Accounts receivable	48,520	77,009
Grants and contributions receivable	488,207	325,531
Prepaid expenses	5,350	-
Total current assets	1,437,010	1,341,127
PROPERTY AND EQUIPMENT, net	2,277,965	2,208,876
LOAN ORIGATION COSTS, net	3,120	4,411
TOTAL ASSETS	\$ 3,718,095	\$ 3,554,414
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 84,618	\$ 104,221
Accrued liabilities	9,973	18,409
Current portion of notes payable	26,695	24,454
Total current liabilities	121,286	147,084
NOTES PAYABLE, net of current portion	407,788	435,579
TOTAL LIABILITIES	529,074	582,663
NET ASSETS:		
Unrestricted:		
Undesignated	2,751,966	2,615,963
Temporarily restricted	437,055	355,788
Total net assets	3,189,021	2,971,751
TOTAL LIABILITIES AND NET ASSETS	\$ 3,718,095	\$ 3,554,414

See accompanying notes to these consolidated financial statements.

DENVER CHILDREN'S ADVOCACY CENTER
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES, GRANTS, AND OTHER SUPPORT:			
Private grants	\$ 183,041	\$ 425,197	\$ 608,238
Contributions	164,573	—	164,573
Earned income:			
Government grants	660,117	—	660,117
Seminar fees	88,683	—	88,683
Fees earned on donated goods	<u>137,322</u>	<u>—</u>	<u>137,322</u>
	<u>1,233,736</u>	<u>425,197</u>	<u>1,658,933</u>
Special events:			
Event revenue	111,854	—	111,854
Less: costs of direct benefits to donors	<u>(21,359)</u>	<u>—</u>	<u>(21,359)</u>
Net special event	<u>90,495</u>	<u>—</u>	<u>90,495</u>
Interest income	1,135	—	1,135
In-kind contribution	31,504	—	31,504
Net assets released from restrictions	<u>343,930</u>	<u>(343,930)</u>	<u>—</u>
Total revenues, grants, and other support	<u>1,700,800</u>	<u>81,267</u>	<u>1,782,067</u>
EXPENSES:			
Program services	1,261,686	—	1,261,686
Supporting services:			
Management and general	132,516	—	132,516
Fundraising	<u>170,595</u>	<u>—</u>	<u>170,595</u>
	<u>303,111</u>	<u>—</u>	<u>303,111</u>
TOTAL EXPENSES	<u>1,564,797</u>	<u>—</u>	<u>1,564,797</u>
CHANGE IN NET ASSETS	136,003	81,267	217,270
NET ASSETS, at beginning of year	<u>2,615,963</u>	<u>355,788</u>	<u>2,971,751</u>
NET ASSETS, at end of year	<u>\$ 2,751,966</u>	<u>\$ 437,055</u>	<u>\$ 3,189,021</u>

See accompanying notes to these consolidated financial statements.

DENVER CHILDREN'S ADVOCACY CENTER
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES, GRANTS, AND OTHER SUPPORT:			
Private grants	\$ 273,868	\$ 561,060	\$ 834,928
Contributions	156,774	-	156,774
Earned income:			
Government grants	458,200	25,000	483,200
Seminar fees	79,776	-	79,776
Fees earned on donated goods	<u>137,337</u>	<u>20,000</u>	<u>157,337</u>
	<u>1,105,955</u>	<u>606,060</u>	<u>1,712,015</u>
Special events:			
Event revenue	118,953	-	118,953
Less: costs of direct benefits to donors	<u>(28,636)</u>	<u>-</u>	<u>(28,636)</u>
Net special event	<u>90,317</u>	<u>-</u>	<u>90,317</u>
Interest income	963	-	963
In-kind contributions	16,585	-	16,585
Net assets released from restrictions	<u>523,794</u>	<u>(523,794)</u>	<u>-</u>
Total revenues, grants, and other support	<u>1,737,614</u>	<u>82,266</u>	<u>1,819,880</u>
EXPENSES:			
Program services	1,139,362	-	1,139,362
Supporting services:			
Management and general	217,252	-	217,252
Fundraising	<u>164,316</u>	<u>-</u>	<u>164,316</u>
	<u>381,568</u>	<u>-</u>	<u>381,568</u>
TOTAL EXPENSES	<u>1,520,930</u>	<u>-</u>	<u>1,520,930</u>
CHANGE IN NET ASSETS	216,684	82,266	298,950
NET ASSETS, at beginning of year	<u>2,399,279</u>	<u>273,522</u>	<u>2,672,801</u>
NET ASSETS, at end of year	<u>\$ 2,615,963</u>	<u>\$ 355,788</u>	<u>\$ 2,971,751</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, 2014

	PROGRAM SERVICES	SUPPORTING SERVICES		
		MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Payroll and related expenses	\$ 991,355	\$ 80,441	\$ 106,183	\$ 186,624
Printing and postage	16,399	1,827	1,381	3,208
Travel and entertainment	6,003	1,083	2,599	3,682
Advertising	—	—	40	40
Program supplies	7,047	481	1,919	2,400
Staff training	1,265	1,200	549	1,749
Grant writer	13,350	—	40,050	40,050
Professional fees	—	22,465	—	22,465
Telephone and Internet	14,111	1,572	1,189	2,761
Dues and subscriptions	10,178	1,134	857	1,991
Occupancy expenses	17,735	1,976	1,494	3,470
Insurance	25,823	2,877	2,175	5,052
Depreciation and amortization	84,965	9,466	7,157	16,623
Interest	16,385	1,826	1,380	3,206
Contract labor	21,371	1,923	3,269	5,192
Miscellaneous	4,195	4,245	353	4,598
In-kind professional fees	31,504	—	—	—
	<u>\$ 1,261,686</u>	<u>\$ 132,516</u>	<u>\$ 170,595</u>	<u>\$ 303,111</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, 2013

	PROGRAM SERVICES	SUPPORTING SERVICES		
		MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Payroll and related expenses	\$ 904,210	\$ 153,646	\$ 71,493	\$ 225,139
Printing and postage	15,158	2,007	4,417	6,424
Travel and entertainment	8,990	1,581	1,126	2,707
Advertising	5,100	1,695	392	2,087
Program supplies	4,380	305	2,260	2,565
Grant writer	—	—	48,000	48,000
Professional fees	—	31,699	—	31,699
Telephone and Internet	10,799	1,857	686	2,543
Dues and subscriptions	12,789	1,696	4,098	5,794
Occupancy expenses	23,590	1,037	1,296	2,333
Insurance	23,022	1,012	1,265	2,277
Depreciation and amortization	88,581	3,894	4,867	8,761
Interest	18,832	828	1,035	1,863
Contract labor	250	14,368	22,500	36,868
Miscellaneous	7,076	1,627	881	2,508
In-kind professional fees	16,585	—	—	—
	<u>\$ 1,139,362</u>	<u>\$ 217,252</u>	<u>\$ 164,316</u>	<u>\$ 381,568</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,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 217,270	\$ 298,950
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation and amortization	101,587	97,342
Increase in certificates of deposit	(1,126)	(250,545)
Decrease (increase) in accounts receivable	28,489	(63,841)
Increase in grants receivable	(162,676)	(57,771)
Increase in prepaid expenses	(5,350)	-
(Decrease) increase in accounts payable	(19,603)	57,373
(Decrease) increase in accrued liabilities	<u>(8,436)</u>	<u>1,528</u>
Net cash provided by operating activities	<u>150,155</u>	<u>83,036</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(169,385)</u>	<u>(262,235)</u>
Net cash used in investing activities	<u>(169,385)</u>	<u>(262,235)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	<u>(25,550)</u>	<u>(24,515)</u>
Net cash used in financing activities	<u>(25,550)</u>	<u>(24,515)</u>
 NET DECREASE IN CASH	 (44,780)	 (203,714)
 CASH, at beginning of year	 <u>584,452</u>	 <u>788,166</u>
 CASH, at end of year	 <u>\$ 539,672</u>	 <u>\$ 584,452</u>
 SUPPLEMENTAL INFORMATION:		
Cash paid during the year for interest	<u>\$ 19,591</u>	<u>\$ 20,695</u>
In-kind donations	<u>\$ 31,504</u>	<u>\$ 16,585</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:**

Organization

The Denver Children's Advocacy Center (DCAC) is a not-for-profit organization whose mission is to prevent abuse, strengthen families, and restore childhood. DCAC strives to ensure that every child in the Denver Metro 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 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 DCAC. ACF is a wholly owned affiliate of DCAC.

DCAC supports the following programmatic activities.

Child and Adolescent Assessment and Treatment Program, DCAC's cornerstone program, provides, at no charge to the client, 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, DCAC strengthens 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* program, operates 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.

Principles of Consolidation – The consolidated financial statements include the accounts of DCAC and its affiliate, ACF (collectively, the “Organization”). All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation – According to Financial Accounting Standards Board (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, 2014 and 2013, the Organization had no permanently restricted net assets.

Cash – Cash includes 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.

Accounts Receivable and Grants and Contributions Receivable – Accounts receivable represents amounts due resulting from performance of services provided to customers, clients, and third parties. The Organization considers all amounts to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary for the years ending December 31, 2014 and 2013.

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, 2014 and 2013; all receivables and promises to give were determined to be collectible.

DENVER CHILDREN'S ADVOCACY CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Agency Agreement – DCAC receives and distributes assets under an agency arrangement. FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Entity or Charitable Trust that Raises or Holds Contributions for Others*, establishes standards for transactions in which a recipient organization accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both, to another entity that is specified by the donor. For agency transactions, no revenue or expense is recognized for the portion of the award designated for a third party.

Fair Value of Financial Instruments – The carrying amounts of the Organization's financial instruments, including cash, certificates of deposit, accounts receivable, grants and contributions 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, 2014 and 2013 was \$100,296 and \$96,051, 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, 2014 and 2013.

Functional Allocation of Expenses – The costs of providing various programs and services have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 consolidated 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 2011 and forward are subject to examination by federal and state taxing authorities.

DENVER CHILDREN'S ADVOCACY CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 2014. Such reclassifications had no effect on the change in net assets for the year ended December 31, 2013.

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. Earned income from training seminars, clients, and third parties provide additional revenue. Contributions are recognized when the donor makes a promise to give to the Organization. Earned income is recognized once the service has been provided. Fees earned on donated goods sold are recognized when the goods have been transferred to the purchaser.

3. **PROPERTY AND EQUIPMENT:**

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

	<u>2014</u>	<u>2013</u>
Buildings	\$ 1,875,122	\$ 1,738,592
Building remodel	379,382	379,382
Land	343,066	343,066
Furniture and fixtures	166,915	143,977
Office equipment	50,668	50,668
Computers	36,960	34,916
Program equipment	<u>11,241</u>	<u>3,368</u>
	2,863,354	2,693,969
Less: accumulated depreciation	<u>(585,389)</u>	<u>(485,093)</u>
Total	<u>\$ 2,277,965</u>	<u>\$ 2,208,876</u>

DENVER CHILDREN'S ADVOCACY CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. **NOTES PAYABLE:**

During the year ending December 31, 2014 and 2013, the Organization had a 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 balloon payment at the end of the note term, which is estimated at \$367,973. The balance outstanding as of December 31, 2014 and 2013 was \$434,483 and \$460,033, respectively.

The loan agreement contains certain financial covenants including maintaining specified ratios and a minimum net asset balance. As of December 31, 2014, the Organization was in compliance with all financial covenants.

Maturities of long-term debt for the next five years as of December 31, 2014 are as follows:

2015	\$ 26,695
2016	27,841
2017	<u>379,947</u>
Total	<u>\$ 434,483</u>

Total interest expense for the years ended December 31, 2014 and 2013 was \$19,591 and \$20,695, respectively.

5. **EMPLOYEE BENEFIT PLAN:**

DCAC sponsors a defined contribution tax deferred annuity plan (the "Plan") as outlined in Section 403(b) of the U.S. Internal Revenue Code. Employees are eligible to participate in the Plan once they have satisfied the age and service requirements. DCAC matches the employee's deferral up to the lesser of \$5,200 or 25%. DCAC contributed \$8,957 and \$10,025, respectively, to the Plan on behalf of participating employees during the years ended December 31, 2014 and 2013.

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 \$31,504 and \$16,585 as of December 31, 2014 and 2013, respectively, were recorded as in-kind contributions.

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 consolidated 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, 2014 and 2013, temporarily restricted net assets consisted of the following:

	<u>2014</u>	<u>2013</u>
Programs	\$ 337,055	\$ 263,128
Time restrictions	100,000	38,000
Capacity building	<u>—</u>	<u>54,660</u>
Total	<u>\$ 437,055</u>	<u>\$ 355,788</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 is contracted with a third party for the maintenance duties of donation drop boxes, as well as the pick-up and delivery of the donated goods to the contracted purchaser. The contracted purchaser then pays ACF for the goods received and ACF pays the third party for the maintenance duties.

For the years ended December 31, 2014 and 2013, DCAC received \$137,322 and \$157,337 in fees earned on donated goods and incurred no costs relating to this activity.

9. **RELATED PARTY TRANSACTIONS:**

Individual Board members and related parties made contributions in the amount of \$372,125 and \$538,119 to the Organization for the years ended December 31, 2014 and 2013, respectively. As of December 31, 2014 and 2013, there was \$5,000 and \$23,000 recorded in accounts receivable from related parties, respectively.

10. **CONCENTRATION OF CREDIT RISK:**

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

As of December 31, 2014 and 2013, cash and certificate of deposit account balances exceeded federally insured limits by approximately \$149,000 and \$447,000, respectively.

The Organization received funds from two donors for the years ended December 31, 2014 and 2013, which represent 27% and 32%, respectively, of total revenues. As of December 31, 2014 and 2013, the two major donors had receivable balances that represent 57% and 24%, respectively, of the total grants and contributions receivable balance.

DENVER CHILDREN'S ADVOCACY CENTER

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. **SUBSEQUENT EVENTS:**

The Organization has evaluated subsequent events through May 27, 2015, the date on which the consolidated financial statements were available to be issued.