



7TH JUDICIAL DISTRICT CHILD ADVOCACY CENTER
DBA THE DOLPHIN HOUSE

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2016

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INDEPENDENT AUDITORS' REPORT

March 16, 2017

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

We have audited the accompanying statement of financial position of 7th Judicial District Child Advocacy Center dba The Dolphin House (a nonprofit organization) as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 7th Judicial District Child Advocacy Center dba The Dolphin House as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

7th Judicial District Child Advocacy Center dba The Dolphin House

STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS

| | | |
|-------------------------------|----|----------------|
| Cash | \$ | 81,302 |
| Grants receivable | | 40,448 |
| Deposits | | 1,100 |
| Pledges receivable | | 4,835 |
| Property, plant and equipment | | <u>378,175</u> |

TOTAL ASSETS \$ 505,860

LIABILITIES

| | | |
|------------------|----|---------------|
| Accounts payable | \$ | <u>11,211</u> |
|------------------|----|---------------|

TOTAL LIABILITIES 11,211

NET ASSETS

| | | |
|--------------|--|----------------|
| Unrestricted | | <u>494,649</u> |
|--------------|--|----------------|

TOTAL NET ASSETS 494,649

TOTAL LIABILITIES AND NET ASSETS \$ 505,860

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

7th Judicial District Child Avocacy Center dba The Dolphin House

STATEMENT OF ACTIVITIES

Year ended December 31, 2016

| | |
|--|-----------------------------|
| SUPPORT | |
| Contributions | \$ 68,403 |
| Special events (net of expenses of \$12,564) | 22,737 |
| Interest income | 11 |
| Grants and contracts | <u>173,223</u> |
| | <u>264,374</u> |
| EXPENSES | |
| Program services | 147,225 |
| Supporting services | |
| Management and general | 42,973 |
| Fundraising | <u>19,960</u> |
| | <u>62,933</u> |
| | <u>210,158</u> |
| | |
| | CHANGE IN NET ASSETS |
| | 54,216 |
| Net assets at beginning of year | <u>440,433</u> |
| Net assets at end of year | <u><u>\$ 494,649</u></u> |

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

7th Judicial District Child Advocacy Center dba The Dolphin House

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2016

| | Program | Supporting Services | | Total |
|-------------------------------|-------------------|------------------------------|------------------|-------------------|
| | Services | Management and General | Fundraising | |
| | Center | | | |
| Grants to other organizations | \$ 7,565 | \$ - | \$ - | \$ 7,565 |
| Salaries | 96,640 | 14,887 | 17,510 | 129,037 |
| Employee benefits | - | 994 | - | 994 |
| Payroll taxes | 7,393 | 1,139 | 1,339 | 9,871 |
| Occupancy | 8,720 | 3,283 | - | 12,003 |
| Depreciation | 12,005 | 2,471 | - | 14,476 |
| Advertising | - | - | 991 | 991 |
| Insurance | - | 2,688 | - | 2,688 |
| Travel | 7,909 | - | - | 7,909 |
| Professional fees | 80 | 6,000 | - | 6,080 |
| Information technology | 120 | - | 120 | 240 |
| Supplies | 3,090 | 2,623 | - | 5,713 |
| Office | 1,711 | 5,689 | - | 7,400 |
| Maintenance and repairs | - | 2,775 | - | 2,775 |
| Meetings | 1,631 | 424 | - | 2,055 |
| Education and training | 361 | - | - | 361 |
| | <u>\$ 147,225</u> | <u>\$ 42,973</u> | <u>\$ 19,960</u> | <u>\$ 210,158</u> |

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

7th Judicial District Child Advocacy Center dba The Dolphin House

STATEMENT OF CASH FLOWS

Year ended December 31, 2016

| | |
|---|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Contributions received | \$ 68,890 |
| Other special events and fees received | 22,737 |
| Grants received | 144,619 |
| Interest received | 11 |
| Cash paid to suppliers and employees | (189,323) |
| Net cash provided (used) by operating activities | <u>46,934</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Cash paid for fixed assets | (28,456) |
| Net cash provided (used) by investing activities | <u>(28,456)</u> |
| Net increase (decrease) in cash | 18,478 |
| Cash at beginning of year | <u>62,824</u> |
| Cash at end of year | <u><u>\$ 81,302</u></u> |
| Reconciliation of change in net assets to net cash provided (used) by operating activities: | |
| Change in net assets | \$ 54,216 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | |
| Depreciation | 14,476 |
| (Increase) decrease in grants receivable | (28,604) |
| (Increase) decrease in pledges receivable | 487 |
| (Increase) decrease in deposits | (1,100) |
| Increase (decrease) in accounts payable | 7,459 |
| Total adjustments | <u>(7,282)</u> |
| Net cash provided (used) by operating activities | <u><u>\$ 46,934</u></u> |

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

7th Judicial District Child Advocacy Center
dba The Dolphin House

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

1. Nature of Activities

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

2. Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Endowment contributions and investments, if any, are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

3. Property and Equipment

The Center capitalizes those items with a cost of \$500 or greater and a useful life greater than one year. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight-line method over the following lives:

| | | |
|------------------------|----|-------|
| Building | 39 | years |
| Equipment | 5 | years |
| Furniture and fixtures | 5 | years |

7th Judicial District Child Advocacy Center
dba The Dolphin House

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

4. Financial Statement Presentation

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restrict net assets – Net assets subject to donor-imposed stipulations that may or will be met, by actions of the Center and/or the passage of time. Temporarily restricted net assets, if any, are reclassified to unrestricted as their time and/or purpose requirements are met. The Center currently has no temporarily restricted net assets.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on any related investments for general or specific purposes. The Center currently has no permanently restricted net assets.

5. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

6. Income Taxes

The Center is a not-for-profit organization, other than a private foundation, that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

7. Cash and Cash Equivalents

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

8. Use of Estimates

In preparing financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7th Judicial District Child Advocacy Center
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NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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

9. Contributed Services

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

NOTE B – CASH

At December 31, 2016 the bank balance of the funds deposited with the financial institutions was \$87,748, all of which was covered by FDIC insurance.

NOTE C – RECEIVABLES

Grant receivables consist of the following at December 31, 2016:

| | |
|--|------------------|
| Division of Criminal Justice – VOCA | \$ 16,256 |
| National Children’s Alliance | 9,000 |
| Office on Violence Against Women – OVW | 13,942 |
| Montrose County | <u>1,250</u> |
| | <u>\$ 40,448</u> |

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

Pledges receivable consists of the following at December 31, 2016:

| | |
|-----------------------------|-----------------|
| Pledges due within one year | \$ <u>4,835</u> |
|-----------------------------|-----------------|

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

7th Judicial District Child Advocacy Center
dba The Dolphin House

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE D – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31, 2016 consist of the following:

| | |
|-------------------------------|-------------------|
| Building and improvements | \$ 385,461 |
| Equipment | 62,875 |
| Furniture and fixtures | <u>4,472</u> |
| | 452,808 |
| Less accumulated depreciation | <u>(124,633)</u> |
| | 328,175 |
| Land | <u>50,000</u> |
| | <u>\$ 378,175</u> |

Depreciation expense for the year ending December 31, 2016 was \$14,476.

NOTE E – REVENUES

In 2016, 43% of the Center's total support and revenue was attributed to two granting agencies.

NOTE F – OPERATING LEASE

In June of 2016 the Center entered into a 3-year agreement to lease space in an office building in Gunnison, Colorado. The lease payments increase by \$50 each year. The first payment was due August 1, 2016 and rental expenses for 2016 were \$6,600.

Future minimum lease payments under the operating lease for the years following December 31, 2016 are as follows:

| <u>Year</u> | |
|-------------|------------------|
| 2017 | \$ 13,500 |
| 2018 | 14,100 |
| 2019 | <u>7,200</u> |
| Total | <u>\$ 34,800</u> |

7th Judicial District Child Advocacy Center
dba The Dolphin House

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE G – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE H – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 16, 2017 (date of availability of financial statements for issuance) for necessary disclosures and/or financial statement adjustments. Disclosures and/or adjustments identified by management, as applicable, are included in the financial statements.