

THE CHILDREN'S ADVOCACY CENTER
OF DELAWARE, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

June 30, 2021 and 2020

CONTENTS

| | Page |
|---|------|
| INDEPENDENT AUDITORS' REPORT | 3 |
| FINANCIAL STATEMENTS | |
| STATEMENTS OF FINANCIAL POSITION | 5 |
| STATEMENTS OF ACTIVITIES | 6 |
| STATEMENTS OF FUNCTIONAL EXPENSES | 7 |
| STATEMENTS OF CASH FLOWS | 8 |
| NOTES TO FINANCIAL STATEMENTS | 9 |
| INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 17 |



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Children's Advocacy Center of Delaware, Inc.
Dover, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of The Children's Advocacy Center of Delaware, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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.

To the Board of Directors
The Children's Advocacy Center of Delaware, Inc.

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 The Children's Advocacy Center of Delaware, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021, on our consideration of The Children's Advocacy Center of Delaware, Inc.'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 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 Children's Advocacy Center of Delaware, Inc.'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 The Children's Advocacy Center of Delaware, Inc.'s internal control over financial reporting and compliance.



November 12, 2021
Wilmington, Delaware

THE CHILDREN'S ADVOCACY CENTER OF DELAWARE, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 542,152 | \$ 220,489 |
| Certificate of deposit | - | 230,601 |
| Grants receivable | 145,707 | 181,942 |
| Prepaid expenses | <u>7,898</u> | <u>4,237</u> |
| Total current assets | 695,757 | 637,269 |
| NON-CURRENT ASSETS | | |
| Leasehold improvements and equipment – net | 327,948 | 332,479 |
| Investments | 50,907 | 39,768 |
| Security deposits | <u>4,049</u> | <u>4,049</u> |
| Total non-current assets | <u>382,904</u> | <u>376,296</u> |
| TOTAL ASSETS | <u>\$ 1,078,661</u> | <u>\$ 1,013,565</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|---------------------|---------------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 98,087 | \$ 94,154 |
| Compensated absences payable | 127,364 | 106,022 |
| Accrued compensation | <u>40,411</u> | <u>18,477</u> |
| Total current liabilities | 265,862 | 218,653 |
| NET ASSETS | | |
| Without donor restriction | <u>812,799</u> | <u>794,912</u> |
| Total net assets | <u>812,799</u> | <u>794,912</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,078,661</u> | <u>\$ 1,013,565</u> |

The accompanying notes are an integral part of these financial statements.

THE CHILDREN'S ADVOCACY CENTER OF DELAWARE, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2021 and 2020

| | 2021 | | Total |
|---|-------------------------------|----------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | |
| PUBLIC SUPPORT AND REVENUE | | | |
| Public support | | | |
| Grants | \$ 1,690,529 | \$ - | \$ 1,690,529 |
| Contributions and donations | 327,966 | - | 327,966 |
| Total public support | <u>2,018,495</u> | <u>-</u> | <u>2,018,495</u> |
| Revenue | | | |
| Interest | 1,033 | - | 1,033 |
| Other income | - | - | - |
| Unrealized gain (loss) | 11,065 | - | 11,065 |
| Total revenue | <u>12,098</u> | <u>-</u> | <u>12,098</u> |
| Net assets released from restrictions – funds expended for restricted purposes | <u>-</u> | <u>-</u> | <u>-</u> |
| Total public support and revenue | 2,030,593 | - | 2,030,593 |
| EXPENSES | | | |
| Program services | 1,814,199 | - | 1,814,199 |
| Management and general | 198,507 | - | 198,507 |
| Total expenses | <u>2,012,706</u> | <u>-</u> | <u>2,012,706</u> |
| Change in net assets | 17,887 | - | 17,887 |
| Net assets – beginning of year | <u>794,912</u> | <u>-</u> | <u>794,912</u> |
| Net assets – end of year | <u>\$ 812,799</u> | <u>\$ -</u> | <u>\$ 812,799</u> |

The accompanying notes are an integral part of these financial statements.

| 2020 | | |
|---------------------------------------|------------------------------------|-------------------|
| <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
| \$ 1,743,199 | \$ - | \$ 1,743,199 |
| 284,889 | - | 284,889 |
| <u>2,028,088</u> | <u>-</u> | <u>2,028,088</u> |
| 5,281 | - | 5,281 |
| 946 | - | 946 |
| (90) | - | (90) |
| <u>6,137</u> | <u>-</u> | <u>6,137</u> |
| - | - | - |
| 2,034,225 | - | 2,034,225 |
| 1,772,465 | - | 1,772,465 |
| 193,967 | - | 193,967 |
| <u>1,966,432</u> | <u>-</u> | <u>1,966,432</u> |
| 67,793 | - | 67,793 |
| 727,119 | - | 727,119 |
| <u>\$ 794,912</u> | <u>\$ -</u> | <u>\$ 794,912</u> |

THE CHILDREN'S ADVOCACY CENTER OF DELAWARE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2021 and 2020

| | 2021 | | |
|--|-----------------------------|-----------------------------------|---------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Total</u> |
| Salaries | \$ 897,918 | \$ 146,173 | \$ 1,044,091 |
| Benefits | 161,438 | 12,151 | 173,589 |
| Payroll taxes | 58,400 | 8,727 | 67,127 |
| Total salaries and related expenses | 1,117,756 | 167,051 | 1,284,807 |
| Contract services | 317,995 | 9,835 | 327,830 |
| Occupancy | 217,867 | 6,738 | 224,605 |
| Supplies | 34,365 | 5,135 | 39,500 |
| Printing and copying | - | - | - |
| Equipment rental and repairs | 19,962 | 2,983 | 22,945 |
| Advertising | 51 | - | 51 |
| Dues | 3,135 | - | 3,135 |
| Insurance | 20,308 | 2,256 | 22,564 |
| Bank service charges | 2,103 | 234 | 2,337 |
| Legal | 1,672 | 186 | 1,858 |
| Travel | 1,599 | 239 | 1,838 |
| Conference fees | 5,804 | 867 | 6,671 |
| Depreciation | 71,582 | 2,983 | 74,565 |
| Total expenses | <u>\$ 1,814,199</u> | <u>\$ 198,507</u> | <u>\$ 2,012,706</u> |

The accompanying notes are an integral part of these financial statements.

| 2020 | | |
|-------------------------|-------------------------------|---------------------|
| <u>Program Services</u> | <u>Management and General</u> | <u>Total</u> |
| \$ 836,469 | \$ 136,169 | \$ 972,638 |
| 182,354 | 13,726 | 196,080 |
| 62,995 | 9,413 | 72,408 |
| <u>1,081,818</u> | <u>159,308</u> | <u>1,241,126</u> |
| 289,885 | 8,966 | 298,851 |
| 227,709 | 7,043 | 234,752 |
| 51,987 | 7,768 | 59,755 |
| 1,777 | 94 | 1,871 |
| 15,574 | 2,327 | 17,901 |
| - | - | - |
| 3,125 | - | 3,125 |
| 16,862 | 1,874 | 18,736 |
| - | - | - |
| 3,309 | 368 | 3,677 |
| 20,708 | 3,094 | 23,802 |
| 5,910 | 883 | 6,793 |
| 53,801 | 2,242 | 56,043 |
| <u>\$ 1,772,465</u> | <u>\$ 193,967</u> | <u>\$ 1,966,432</u> |

THE CHILDREN'S ADVOCACY CENTER OF DELAWARE, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received – grants and contributions | \$ 1,787,233 | \$ 1,744,030 |
| Cash received – other income | - | 946 |
| Cash paid to suppliers and employees | (1,626,446) | (1,613,058) |
| Interest income | <u>309</u> | <u>5,281</u> |
| Net cash provided by operating activities | 161,096 | 137,199 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | - | (804) |
| Purchase of property and equipment | (70,034) | (136,174) |
| Proceeds from certificate of deposit | 230,601 | - |
| Purchase of certificate of deposit | <u>-</u> | <u>(5,601)</u> |
| Net cash utilized by investing activities | 160,567 | (142,579) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| | <u>-</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 321,663 | (5,380) |
| Cash and cash equivalents – beginning of year | <u>220,489</u> | <u>225,869</u> |
| Cash and cash equivalents – end of year | <u>\$ 542,152</u> | <u>\$ 220,489</u> |

The accompanying notes are an integral part of these financial statements.

THE CHILDREN'S ADVOCACY CENTER OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

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

1. Nature of Activities

The Children's Advocacy Center of Delaware, Inc. (the Organization) is a 501(c)(3) not-for-profit organization founded in 1996. The mission of the Organization is to reduce the devastating long-term effects that child abuse has on children, their families, and society through immediate coordinated child focused services, education and advocacy.

2. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

3. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all net assets without donor restrictions that are highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Financial Statement Presentation

The financial statement presentation follows the recommendations of generally accepted accounting principles in the United States of America for *Financial Statements of Not-for-Profit Organizations*. In accordance with these standards, the Organization is required to report information regarding its financial position and activities according to the following net asset qualifications.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

5. Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as donor restricted support and increase the respective class of net assets. Contributions received with donor restrictions that are met in the same reporting period are reported as net assets without donor restriction.

The Organization retrospectively changed its accounting method for revenue recognition as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. The new revenue recognition guidance requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The Organization adopted the requirements of the new revenue recognition guidance as of July 1, 2019, utilizing the full retrospective transition method. The effect of this change had no effect on the Organization's financial statements.

6. Grants Receivable

Grants receivable are carried at net realizable value and represent amounts due from granting agencies based upon invoices submitted for expenses already incurred. Bad debt is charged to expense when determined to be uncollectible by management. It is the opinion of management that bad debt under this method is not materially different than what the bad debt expense would have been if the allowance method were used. There was no bad debt expense for the years ended June 30, 2021 and 2020.

7. Investments

Investments in equity and debt securities are recorded at fair market value in the statement of financial position. Any unrealized gains and losses on investments are included in investment income and reported in the statement of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations, in which case unrealized gains or losses will affect net assets with donor restrictions. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized. Investments are held in an endowment fund administered by the Delaware Community Foundation which has variance power over the funds invested with them.

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

8. Leasehold Improvements, Equipment, and Depreciation

Leasehold improvements and equipment are stated at cost if purchased. Donated facilities and equipment are recorded at their fair market values at the date of receipt. When such assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from their respective accounts, and any gain or loss on such disposition is recognized in the statement of activities. Expenditures for maintenance, repairs, minor renewals and betterments which do not improve or extend the useful life of the respective asset are expensed. All other expenditures for renewals and betterments are capitalized.

Assets are capitalized when they exceed \$2,500 and have more than one year of estimated useful life. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The following is a schedule of the estimated useful lives:

| | |
|-------------------------------|--------------|
| Automobiles | 5 years |
| Leasehold improvements | 3 – 15 years |
| Furniture and fixtures | 7 years |
| Office equipment and software | 3 – 7 years |

9. Functional Expenses

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

10. Use of Estimates

The preparation of 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 of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

11. Advertising

The Organization expenses advertising when incurred. Advertising expense totaled \$51 and \$0 for the years ended June 30, 2021 and 2020, respectively.

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

12. Retirement Plan

The Organization sponsors a retirement plan for all employees and matches contributions. The Organization matched up to 3% of wages of full-time participating employees for the years ending June 30, 2021 and 2020. Organization contributions were \$25,819 and \$22,986, for the years ended June 30, 2021 and 2020, respectively.

13. Income Tax

The Organization is a not-for-profit entity that is exempt from income tax under Section 501(c)(3) of the *Internal Revenue Code* and, therefore, has made no provision for federal, state or local income tax in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the *Internal Revenue Code*.

The Organization follows ASC 740-10, *Income Taxes*, as it relates to uncertain tax positions. Management has reviewed its current and past federal income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and that there is no likelihood that a material tax assessment would be made if a respective government agency examined tax returns subject to audit. Accordingly, no provision for the effects of uncertain tax positions has been recorded.

Currently, the 2017, 2018 and 2019, tax years are open and subject to examination by the Internal Revenue Service. However, the Organization is not currently under audit nor has the Organization been contacted by this jurisdiction. Interest and penalties related to income taxes are included in income tax expense when incurred.

14. Subsequent Events

In March 2020 the Director General of the World Health Organization declared COVID-19 a pandemic. We are still assessing the impact COVID-19 may have on our business, but there can be no assurance that this analysis will enable us to avoid part or all of any impact from the spread of COVID-19 or its consequences, including downturns in business sentiment generally. The extent to which the COVID-19 pandemic and global efforts to contain its spread will impact our operations will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the pandemic and the actions taken to contain or treat the COVID-19 pandemic.

The Organization has evaluated subsequent events through November 12, 2021, which is the date the financial statements were available to be issued

NOTE B – LIQUIDITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

| | <u>2021</u> | <u>2020</u> |
|---------------------------|-------------------|-------------------|
| Cash and Cash Equivalents | \$ 542,152 | \$ 220,489 |
| Certificate of Deposit | - | 230,601 |
| Grants Receivable | <u>145,707</u> | <u>181,942</u> |
| Total | <u>\$ 687,859</u> | <u>\$ 633,032</u> |

NOTE C – LEASEHOLD IMPROVEMENTS, EQUIPMENT AND DEPRECIATION

Leasehold improvements, equipment and accumulated depreciation consisted of the following at June 30:

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Leasehold improvements | \$ 352,280 | \$ 301,062 |
| Furniture and fixtures | 99,663 | 97,135 |
| Office equipment | <u>733,770</u> | <u>717,482</u> |
| Total property and equipment | 1,185,713 | 1,115,679 |
| Less: accumulated depreciation | <u>(857,765)</u> | <u>(783,200)</u> |
| Leasehold improvements and equipment – net | <u>\$ 327,948</u> | <u>\$ 332,479</u> |

NOTE D – COMPENSATED ABSENCES PAYABLE

The Organization allows employees to accumulate unused vacation that can be utilized at a later time or paid out upon retirement or leaving employment. The balance in this account as of June 30, 2021 and 2020, was \$127,364 and \$106,022, respectively.

NOTE E – DONATED SERVICES

The Organization recognizes donated services that create or enhance the value of non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For both years ended June 30, 2021 and 2020, the Organization received physician and nurse services valued at \$133,416. This has been reflected in the statement of activities as a donation and in the statement of functional expenses as part of contract services.

Beginning March 2017, the Organization received education and advocacy services from The Willis Group, LLC. The principal of The Willis Group is a board member of the Organization. For the years ended June 30, 2021 and 2020, the Organization received education and advocacy services valued at \$36,000. This has been reflected in the statement of activities as a donation and in the statement of functional expenses as part of contract services.

NOTE F – DONATED FACILITIES

The Organization utilizes office space free of charge in Wilmington, Delaware. This contribution has been recorded in the financial statements at the estimated fair value of \$98,081 for each of the years ended June 30, 2021 and 2020. This has been reflected in the statement of activities as a donation and in the statement of functional expenses as part of occupancy.

NOTE G – FINANCIAL INSTITUTIONS

During 2020 the Organization maintained its cash balances in several financial institutions located in Wilmington, Delaware. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor or the National Credit Union Administration (NCUA) and Excess Share Insurance (ESI) up to \$500,000 per depositor. At times, these account balances may exceed insured limits. There were no uninsured amounts for the years ended June 30, 2020.

During 2021, the Organization entered into the CDARS program to mitigate the risk of uninsured cash. The program opens certificates of deposit accounts using multiple different FDIC insured financial institutions, in order to allow the Organization to invest large amounts of cash while still being covered by the \$250,000 insurance provided by FDIC. There were no uninsured balances at June 30, 2021.

NOTE H – CONCENTRATIONS

During 2021 and 2020, approximately 51% and 50%, respectively, of the Organization's total revenue and public support was received from the State of Delaware General Assembly, passed through the Department of Services for Children, Youth and their Families. Additionally, approximately 28% and 31%, respectively, of the Organization's total revenue and public support was received from the Criminal Justice Council. Loss or reduction of these funds would require the Organization to re-evaluate the services they are able to provide.

NOTE I – RELATED PARTY TRANSACTIONS

One of the Board Members owns the company which leases the Dover office space to the Organization. Rent expense totaled \$66,284 and \$76,768 for the years ended June 30, 2021 and 2020, respectively.

NOTE J – OPERATING LEASES

The Organization leases office equipment and office space under non-cancelable operating leases expiring at various dates through November 2024. The future minimum lease payments are as follows at June 30, 2021:

| | |
|-------|-------------------|
| 2022 | \$ 85,732 |
| 2023 | 75,153 |
| 2024 | 76,656 |
| 2025 | <u>32,203</u> |
| Total | <u>\$ 269,744</u> |

Total payments made under the various operating leases totaled \$113,524 and \$117,920 for the years ended June 30, 2021 and 2020, respectively. These amounts are included in occupancy and equipment rental and repairs on the statement of functional expenses.

NOTE K – FAIR VALUE OF ASSETS

The Organization adopted ASC 820-10, *Fair Value Measurements and Disclosures*, which provides the framework for measuring fair value under generally accepted accounting principles. The Organization's investments on the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value.

Hierarchical levels – defined by ASC-820 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities – are as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

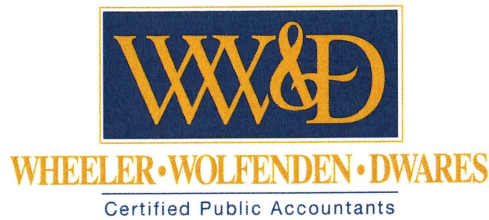
Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

NOTE L – FAIR VALUE OF ASSETS (CONTINUED)

Level 3 – Inputs that are unobservable, including those that are not derived from market data or which cannot be corroborated by market data. The determination of fair value for investments included in the Level 3 category requires considerable subjectivity and estimation.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

| | |
|-----------------|----------------------|
| July 1, 2019 | \$ 39,625 |
| Unrealized gain | <u>143</u> |
| June 30, 2020 | 39,768 |
| Unrealized gain | <u>11,139</u> |
| June 30, 2021 | <u><u>50,907</u></u> |



INDEPENDENT AUDITORS' 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*

To the Board of Directors
The Children's Advocacy Center of Delaware, Inc.
Dover, Delaware

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 financial statements of The Children's Advocacy Center of Delaware, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Children's Advocacy Center of Delaware, Inc.'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Children's Advocacy Center of Delaware, Inc.'s (the Organization) 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 Organization's 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.

To the Board of Directors
The Children's Advocacy Center of Delaware, Inc.

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Children's Advocacy Center of Delaware, Inc.'s 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*.

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.

 William W. Walker, C.P.A.

November 12, 2021
Wilmington, Delaware