

THE CHILDREN'S ADVOCACY CENTER  
OF DELAWARE, INC.

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

June 30, 2017 and 2016

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WHEELER • WOLFENDEN • DWARES  
Certified Public Accountants

## 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, 2017 and 2016, 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, 2017 and 2016, 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 January 12, 2018 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 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.



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January 12, 2018  
Wilmington, Delaware

THE CHILDREN'S ADVOCACY CENTER OF DELAWARE, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

ASSETS

	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 363,359	\$ 416,942
Grants receivable	128,840	150,931
Prepaid expenses	<u>26,215</u>	<u>1,730</u>
Total current assets	518,414	569,603
<b>NON-CURRENT ASSETS</b>		
Leasehold improvements and equipment – net	141,513	110,731
Investments	36,666	28,025
Security deposits	<u>4,049</u>	<u>4,049</u>
Total non-current assets	<u>182,228</u>	<u>142,805</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>700,642</u></b>	<b>\$ <u>712,408</u></b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 15,679	\$ 48,521
Compensated absences payable	78,914	76,615
Accrued compensation	<u>10,765</u>	<u>10,765</u>
Total current liabilities	105,358	135,901
<b>NET ASSETS</b>		
Unrestricted	595,284	571,373
Temporarily restricted	<u>-</u>	<u>5,134</u>
Total net assets	<u>595,284</u>	<u>576,507</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>700,642</u></b>	<b>\$ <u>712,408</u></b>

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, 2017 and 2016

	2017		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public support			
Grants	\$ 1,369,590	\$ -	\$ 1,369,590
Contributions and donations	268,824	-	268,824
Total public support	<u>1,638,414</u>	<u>-</u>	<u>1,638,414</u>
Revenue			
Interest	3,763	-	3,763
Other income	757	-	757
Realized gain (loss) on investments	3,462	-	3,462
Total revenue	<u>7,982</u>	<u>-</u>	<u>7,982</u>
Net assets released from restrictions – funds expended for restricted purposes	<u>5,134</u>	<u>(5,134)</u>	<u>-</u>
Total public support and revenue	1,651,530	(5,134)	1,646,396
<b>EXPENSES</b>			
Program services	1,470,577	-	1,470,577
Management and general	157,042	-	157,042
Total expenses	<u>1,627,619</u>	<u>-</u>	<u>1,627,619</u>
Change in net assets	23,911	(5,134)	18,777
Net assets – beginning of year	<u>571,373</u>	<u>5,134</u>	<u>576,507</u>
Net assets – end of year	<u>\$ 595,284</u>	<u>\$ -</u>	<u>\$ 595,284</u>

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

2016		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 1,322,927	\$ 5,134	\$ 1,328,061
260,522	-	260,522
<u>1,583,449</u>	<u>5,134</u>	<u>1,588,583</u>
1,565	-	1,565
750	-	750
(1,123)	-	(1,123)
<u>1,192</u>	<u>-</u>	<u>1,192</u>
<u>-</u>	<u>-</u>	<u>-</u>
1,584,641	5,134	1,589,775
1,454,434	-	1,454,434
157,489	-	157,489
<u>1,611,923</u>	<u>-</u>	<u>1,611,923</u>
(27,282)	5,134	(22,148)
598,655	-	598,655
<u>\$ 571,373</u>	<u>\$ 5,134</u>	<u>\$ 576,507</u>

THE CHILDREN'S ADVOCACY CENTER OF DELAWARE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2017 and 2016

	2017		
	Program Services	Management and General	Total
Salaries	\$ 672,453	\$ 109,469	\$ 781,922
Benefits	179,201	13,488	192,689
Payroll taxes	49,477	7,393	56,870
Total salaries and related expenses	901,131	130,350	1,031,481
Contract services	208,337	6,443	214,780
Occupancy	200,497	6,201	206,698
Supplies	18,532	2,769	21,301
Telephone	2,396	358	2,754
Printing and copying	447	23	470
Equipment rental and repairs	13,946	2,084	16,030
Advertising	2,315	-	2,315
Conference fees	7,710	-	7,710
Dues	12,644	-	12,644
Insurance	9,338	1,037	10,375
Bank service charges	558	62	620
Legal	7,602	845	8,447
Travel	30,840	4,608	35,448
Depreciation	54,284	2,262	56,546
Total expenses	\$ <u>1,470,577</u>	\$ <u>157,042</u>	\$ <u>1,627,619</u>

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

2016		
<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
\$ 675,105	\$ 109,901	\$ 785,006
168,411	12,676	181,087
49,810	7,443	57,253
<u>893,326</u>	<u>130,020</u>	<u>1,023,346</u>
181,748	5,621	187,369
195,368	6,042	201,410
25,455	3,804	29,259
2,852	426	3,278
3,126	164	3,290
9,698	1,449	11,147
5,677	-	5,677
6,837	-	6,837
3,085	-	3,085
8,726	969	9,695
1,314	146	1,460
15,382	1,709	17,091
26,869	4,015	30,884
74,971	3,124	78,095
<u>\$ 1,454,434</u>	<u>\$ 157,489</u>	<u>\$ 1,611,923</u>

THE CHILDREN'S ADVOCACY CENTER OF DELAWARE, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received – grants and contributions	\$ 1,421,505	\$ 1,334,061
Cash received – other income	757	750
Cash paid to suppliers and employees	(1,387,101)	(1,290,193)
Interest income	<u>3,763</u>	<u>1,565</u>
Net cash provided by operating activities	38,924	46,183
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(5,179)	(1,108)
Purchase of property and equipment	<u>(87,328)</u>	<u>(27,239)</u>
Net cash utilized by investing activities	(92,507)	(28,347)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	<u>-</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(53,583)	17,836
Cash and cash equivalents – beginning of year	<u>416,942</u>	<u>399,106</u>
Cash and cash equivalents – end of year	<u>\$ 363,359</u>	<u>\$ 416,942</u>

Continued . . .

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

THE CHILDREN'S ADVOCACY CENTER OF DELAWARE, INC.

STATEMENTS OF CASH FLOWS – CONTINUED

For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 18,777	\$ (22,148)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	56,546	78,095
Realized (gain) loss on investments	(3,462)	1,123
Decrease (increase) in assets		
Grants receivable	22,091	(29,094)
Prepaid expenses	(24,485)	676
(Decrease) increase in liabilities		
Accounts payable	(32,842)	7,261
Compensated absences payable	2,299	14,384
Accrued compensation	-	(4,114)
Total adjustments	<u>20,147</u>	<u>68,331</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 38,924</u>	<u>\$ 46,183</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, 2017 and 2016

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 unrestricted, 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 three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

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 temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

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

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, 2017 and 2016.

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 unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations, in which case unrealized gains or losses will affect temporarily restricted net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets 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.

8. 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.

9. 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.

10. Advertising

The Organization expenses advertising when incurred. Advertising expense totaled \$2,315 and \$5,677 for the years ended June 30, 2017 and 2016, respectively.

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

11. 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, 2017 and 2016. Organization contributions were \$18,071 and \$17,786 for the years ended June 30, 2017 and 2016, respectively.

12. 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 2013, 2014 and 2015 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.

13. Subsequent Events

The Organization has evaluated subsequent events through January 12, 2018, which is the date the financial statements were available to be issued.

NOTE B – 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.

NOTE B – LEASEHOLD IMPROVEMENTS, EQUIPMENT AND DEPRECIATION  
(CONTINUED)

Assets are capitalized when they exceed \$1,000 and have more than one year of estimated useful life as defined in IRS Regulation Section 1.162-3(c)(4).

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

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

	<u>2017</u>	<u>2016</u>
Leashold improvements	\$ 165,503	\$ 164,771
Furniture and fixtures	35,520	31,000
Office Equipment	<u>562,914</u>	<u>480,838</u>
Total property and equipment	763,937	676,609
Less: accumulated depreciation	<u>(622,424)</u>	<u>(565,878)</u>
Leasehold improvements and equipment – net	<u>\$ 141,513</u>	<u>\$ 110,731</u>

NOTE C – 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, 2017 and 2016 was \$78,914 and \$76,615, respectively.

NOTE D – INVESTMENTS

Investments consisted of the following as of June 30:

	<u>2017</u>	<u>2016</u>
Pooled funds		
Market value	<u>\$ 36,666</u>	<u>\$ 28,025</u>
Cost	<u>\$ 30,134</u>	<u>\$ 25,000</u>

#### 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, 2017 and 2016, 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 lobbying services from The Willis Group, LLC. The principal of The Willis Group, is a board member of the Organization. For the year ended June 30, 2017, the Organization received lobbying services valued at \$10,849. This has been reflected in the statement of activities as a donation and in the statement of functional expenses as part of contract services.

In December 2016, the Organization received construction services from Lighthouse Construction, Inc. The renovations are valued at \$2,723. 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 and Bear, Delaware. This contribution has been recorded in the financial statements at the estimated fair value of \$92,012 for each of the years ended June 30, 2017 and 2016. 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

The Organization maintains its cash balances in several financial institutions located in Wilmington, Delaware. These accounts are insured by either 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 federally insured limits. The uninsured amount as of June 30, 2017 and 2016 with the FDIC totaled \$0 and \$863, respectively. There were no uninsured amounts for both years ending June 30, 2017 and 2016 with the NCUA and ESI.

#### NOTE H – CONCENTRATIONS

During 2017 and 2016, approximately 74% and 76%, 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 and the Criminal Justice Council. Loss or reduction of state funding would require the Organization to re-evaluate the services they are able to provide.

## NOTE I – NET ASSETS

Temporarily restricted net assets were available for the 20<sup>th</sup> anniversary celebration which was held on June 1, 2016. The balance at June 30, 2017 and 2016 of \$0 and \$5,134, respectively is shown in cash and cash equivalents on the statements of financial position. During the year ended June 30, 2017, the Organization obtained approval from donors to transfer the excess funds remaining to the investment fund at the Delaware Community Foundation.

## NOTE J – RELATED PARTY TRANSACTIONS

One of the Board Members owns the company which leases the Dover office space to the Organization. Rent expense totaled \$66,843 and \$65,533 for the years ended June 30, 2017 and 2016, respectively.

## NOTE K – 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, 2017:

2018	\$ 94,998
2019	78,862
2020	80,253
2021	81,671
2022	83,100
Thereafter	<u>187,129</u>
Total	<u>\$ 606,013</u>

Total payments made under the various operating leases totaled \$107,814 and \$113,792 for the years ended June 30, 2017 and 2016, respectively. These amounts are included in occupancy and equipment rental and repairs on the statement of functional expenses.

## NOTE L – 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.

NOTE L – FAIR VALUE OF ASSETS (CONTINUED)

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.

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.

The investment's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. At June 30, 2017 and 2016, all investments of the Organization were categorized in Level 2, as all price inputs were based on quoted prices that were observable indirectly. The fair values for investments are determined by reference to relevant information generated by third party providers. The fair value for investments at June 30, 2017 and 2016 was \$36,666 and \$28,025, respectively.



WHEELER • WOLFENDEN • DWARES

Certified Public Accountants

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, 2017, 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 January 12, 2018.

**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.



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January 12, 2018  
Wilmington, Delaware