THE CENTER FOR TRAUMA & RESILIENCE
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

THE CENTER FOR TRAUMA & RESILIENCE

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Center for Trauma & Resilience
Denver, Colorado

We have audited the accompanying financial statements of The Center for Trauma & Resilience (a nonprofit organization) which comprise the Statements of Financial Position as of December 31, 2018 and 2017, and the related Statement 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.

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 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 audit 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.

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 Center for Trauma & Resilience as of December 31, 2018 and 2017, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2019 on our consideration of The Center for Trauma & Resilience'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 solely 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 Center for Trauma & Resilience'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 Center for Trauma & Resilience's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in note 1 The Center for Trauma & Resilience adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, *Not-for Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU have been applied retrospectively for all years presented. Our opinion is not modified with respect to this matter.

Watson Coon Ryan, LLC

WATSON COON RYAN, LLC

SEPTEMBER 23, 2019
GREENWOOD VILLAGE, COLORADO

THE CENTER FOR TRAUMA & RESILIENCE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and Cash Equivalents	$ 267,873	$ 235,791
Grants Receivable	199,888	235,765
Foundations Receivable	7,500	7,500
Accounts Receivable	14,108	5,430
Employee Advances	8,023	7,983
Prepaid Expenses	11,927	11,406
Other Assets	4,200	4,200
TOTAL CURRENT ASSETS	513,519	508,075
NONCURRENT ASSETS		
Property and Equipment, net	855,816	881,294
Cash in Bank - Restricted	19,544	30,929
Beneficial Interest in a Perpetual Trust	18,760	20,947
	894,120	933,170
TOTAL ASSETS	**$ 1,407,639**	**$ 1,441,245**

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Accounts Payable	$ 5,909	$ 27,131
Accrued Expenses	81,026	66,966
Current Portion of Notes Payable	7,005	10,269
TOTAL CURRENT LIABILITIES	**93,940**	**104,366**
LONG-TERM LIABILITIES		
Notes Payable, less Current Portion above	334,044	335,696
TOTAL LIABILITIES	**427,984**	**440,062**
NET ASSETS		
Total Net Assets without Donor Restrictions	940,111	946,763
Total Net Assets with Donor Restrictions	39,544	54,420
	979,655	**1,001,183**
TOTAL LIABILITIES AND NET ASSETS	**$ 1,407,639**	**$ 1,441,245**

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

THE CENTER FOR TRAUMA & RESILIENCE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Revenues:						
Grant Revenue	$ 1,151,506	$ -	$ 1,151,506	1,088,833	-	1,088,833
Contributions	286,336	-	286,336	108,794	-	108,794
In-Kind Contributions	3,208	-	3,208	2,039	-	2,039
Special fundraising events, net of direct costs	1,670	-	1,670	1,785	-	1,785
Translation Fees	75,240	-	75,240	131,164	-	131,164
Change in Value of Beneficial Interest in Perpetual Trusts	-	(1,119)	(1,119)	-	2,013	2,013
Net Assets Released from Restriction	13,757	(13,757)	-	1,767	(1,767)	-
Total Revenue	**1,531,717**	**(14,876)**	**1,516,841**	**1,334,382**	**246**	**1,334,628**
Expenses						
Program Services - Translation Center	162,084	-	162,084	170,376	-	161,270
Program Services - Victim Support Programs	1,075,356	-	1,075,356	901,914	-	918,147
Management and General	187,461	-	187,461	27,931	-	30,308
Fundraising	96,262	-	96,262	165,861	-	156,357
Total Expenses	**1,521,163**	**-**	**1,521,163**	**1,265,961**	**-**	**1,266,082**
Nonoperating Activities						
Interest Expense	(20,075)	-	(20,075)	(22,303)	-	(22,303)
Interest Income	2,869	-	2,869	908	-	908
Total Other Income (Expense):	**(17,206)**	**-**	**(17,206)**	**(21,395)**	**-**	**(21,395)**
CHANGE IN NET ASSETS	**(6,652)**	**(14,876)**	**(21,528)**	**47,026**	**246**	**47,151**
NET ASSETS, beginning of year	**946,763**	**54,420**	**1,001,183**	**899,858**	**54,174**	**954,032**
NET ASSETS, end of year	**$ 940,111**	**$ 39,544**	**$ 979,655**	**$ 946,884**	**$ 54,420**	**$ 1,001,183**

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

THE CENTER FOR TRAUMA & RESILIENCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services			**Supporting Services**			
	Translation Services	Victims Support Services	Total Program Services	Administrative	Fundraising	Total Support Services	Total
Salaries and Benefits	$ 69,370	$ 712,072	$ 781,442	$ 145,285	$ 83,623	$ 228,908	$ 1,010,350
Contract Services	71,624	33,763	105,387	-	-	-	105,387
Victim Assistance	-	95,734	95,734	-	-	-	95,734
Insurance	5,538	56,844	62,382	11,598	6,676	18,274	80,656
Repairs and Maintenance	2,235	12,723	14,958	2,235	-	2,235	17,193
Property Taxes	2,958	16,835	19,793	2,957	-	2,957	22,750
Professional Services	-	65,433	65,433	7,700	-	7,700	73,133
Training	712	7,308	8,020	1,491	858	2,349	10,369
Telephone	482	4,952	5,434	1,010	582	1,592	7,026
Depreciation	3,312	18,854	22,166	3,312	-	3,312	25,478
Utilities	1,427	8,124	9,551	1,428	-	1,428	10,979
Dues and Subscriptions	1,410	14,469	15,879	2,952	1,699	4,651	20,530
Postage	117	1,202	1,319	245	141	386	1,705
Donated Goods & Services	220	2,261	2,481	461	266	727	3,208
Travel & Mileage	151	1,546	1,697	315	182	497	2,194
Bank Fees	297	3,047	3,344	622	358	980	4,324
Rent	-	4,200	4,200	-	-	-	4,200
Legal Clinic	673	-	673	-	-	-	673
Supplies	1,307	13,414	14,721	2,737	1,575	4,312	19,033
Publications and Printing	251	2,575	2,826	525	302	827	3,653
Charitable Donations	-	-	-	2,588	-	2,588	2,588
	$ 162,084	$ 1,075,356	$ 1,237,440	$ 187,461	$ 96,262	$ 283,723	$ 1,521,163

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

THE CENTER FOR TRAUMA & RESILIENCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services			**Supporting Services**			
	Translation Services	Victims Support Services	Total Program Services	Administrative	Fundraising	Total Support Services	Total
Salaries and Benefits	$ 103,958	$ 550,312	$ 654,270	$ 16,970	$ 101,202	$ 118,172	$ 772,442
Contract Services	22,512	119,169	141,681	3,675	21,915	25,590	167,271
Victim Assistance	-	67,916	67,916	-	-	-	67,916
Insurance	9,834	52,057	61,891	1,605	9,573	11,178	73,069
Repairs and Maintenance	3,073	16,266	19,339	502	2,991	3,493	22,832
Property Taxes	3,022	16,000	19,022	493	2,942	3,435	22,457
Professional Services	5,938	31,435	37,373	969	5,781	6,750	44,123
Training	526	2,783	3,309	86	512	598	3,907
Telephone	1,445	7,651	9,096	236	1,407	1,643	10,739
Depreciation	3,450	18,265	21,715	563	3,359	3,922	25,637
Utilities	1,111	5,883	6,994	181	1,082	1,263	8,257
Donated Goods	241	1,275	1,516	39	234	273	1,789
Travel	619	3,278	3,897	101	603	704	4,601
Dues and Subscriptions	1,151	6,091	7,242	188	1,120	1,308	8,550
Postage	701	3,712	4,413	114	683	797	5,210
Donated Services	34	178	212	5	33	38	250
Mileage	548	2,903	3,451	90	534	624	4,075
Bank Fees	123	653	776	20	120	140	916
Legal Clinic	656	-	656	-	-	-	656
Supplies	1,769	9,363	11,132	410	1,722	2,132	13,264
Publications and Printing	559	2,957	3,516	91	544	635	4,151
Charitable Donations	-	-	-	3,970	-	-	3,970
	$ 161,270	$ 918,147	$ 1,079,417	$ 30,308	$ 156,357	$ 182,695	$ 1,266,082

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

THE CENTER FOR TRAUMA & RESILIENCE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (21,528)	$ 47,151
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	25,478	25,638
(Increase) decrease in assets:		
Grants receivable	35,877	(104,682)
Accounts receivable	(8,678)	7,214
Prepaid expenses and other current assets	(521)	(472)
Employee Advances	(40)	-
Beneficial interest in perpetual trust	2,187	(1,686)
Increase (decrease) in liabilities:		
Accounts payable	(21,222)	26,022
Accrued expenses	14,060	(22,058)
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	25,613	(22,873)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on Long Term Debt	(4,916)	(8,680)
CASH USED FOR FINANCING ACTIVITIES	(4,916)	(8,680)
NET INCREASE (DECREASE) IN CASH & RESTRICTED CASH	20,697	(31,553)
CASH & RESTRICTED CASH AT BEGINNING OF YEAR	266,720	298,273
CASH & RESTRICTED CASH AT END OF YEAR	$ 287,417	$ 266,720
CASH PAID DURING THE YEAR FOR:		
INTEREST	$ 20,075	$ 22,303

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

NOTE 1-NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization. The Center for Trauma & Resilience (the "Center") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Formerly known as The Denver Center for Crime Victims, the Center was established in 1987 and was organized exclusively for charitable and educational purposes, including assisting victims who have been directly or indirectly injured by another's criminal act resulting in physical, psychological, social, or economic harm.

The Center's major programs and activities are described below:

Program Services

Victim Services - Victim services include helping victims with accessing legal and medical services, obtaining or providing food, crisis housing and necessities to victims, conducting educational programs for the general public on the problems and issues related to victimization and providing consultation services for victims, and training to professional and para-professionals.

Supporting Services

Management and General - Includes functions necessary to administer the programs and other financial and corporate governing the Center.

Fund-raising - To encourage and secure public and private financial support from individuals, foundations, corporations, and government agencies.

Basis of Accounting. The financial statements of The Center have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require The Center to report information regarding its financial position and activities according to the following net asset classifications:

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

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations. The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to The Center's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and interest expense which are considered to be of a more unusual or nonrecurring nature.

Functional allocation of expenses. The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Expenses that can be directly identified with the program or supporting service to which they relate are allocated accordingly. Certain other expenses by function have been allocated by The Center between program and supporting services based on methodology determined to be reasonable by The Center.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages	Time and effort
Payroll taxes, benefits and other personnel costs	Time and effort
Rent	Headcount
Office supplies and expenses	Time and effort
Telephone and internet	Time and effort
Dues and licenses	Time and effort
Depreciation and amortization	Headcount

Revenue Recognition. The Center has adopted Accounting Standards Codification (ASC) Topic 958, subtopic 605 related to Revenue Recognition and contributions received. Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to The Center.

All public support and revenue is considered to be available for unrestricted use unless specifically restricted by the donor. At its discretion, the Board of Directors may designate funds for specific purposes which it has not done to date. Revenue is recognized on an accrual basis.

Promises to Give. Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Cash and Cash Equivalents. For purposes of the statements of cash flow, The Center considers all short-term debt securities purchased with a maturity of less than three months to be cash equivalents.

Restricted cash includes money that was given with a specified purpose; as such amounts have been segregated from cash available for general operations.

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows:

	2018	2017
Cash and Cash Equivalents	$ 267,872	$ 235,790
Restricted Cash	19,544	30,929
Total Cash and Restricted Cash shown in the Statement of Cash Flows	$ 287,417	$ 266,720

Concentration of Risks. The Center places its cash and equivalents in high quality financial institutions and, from time to time, cash balances may be in excess of the FDIC insurance limits. Management believes that credit risk related to cash balances and investments are minimal. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Property, Equipment and Depreciation. The Center records property and equipment at cost or fair market value, if donated. Depreciation is computed by the use of the straight-line method over estimated useful lives of five years. The Center capitalizes all fixed asset purchases over $2,500 with an estimated useful life greater than one year.

Property as of December 31, 2018 and December 31, 2017, is as follows:

	2018	2017
Building	$698,851	$698,851
Land	258,220	258,220
Equipment	47,350	47,350
Furniture and Fixtures	62,062	62,062
Total Fixed Assets	1,066,483	1,066,483
Less Accumulated Depreciation	(210,667)	(185,188)
	$855,816	$906,933

Depreciation expense for the years ended December 31, 2018 and 2017 was $25,478 and $25,638, respectively.

In-kind Donations. The value of the products and services received by The Center was $3,208 and $2,039 for the years ended December 31, 2018 and 2017, respectively.

Materials and Supplies - Donated materials and supplies are recorded as contributions at their estimated fair value at the date of donation.

Donated Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets 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. 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.

Donated Goods and Services - There were $3,208 and $2,039 of donated goods during 2018 and 2017. Under ASC Topic 958, subtopic 605, contributed services are recorded if they create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year ended December 31, 2014 the Center also received a donated timeshare valued at $4,200 that is being held for resale, the value of this asset has been recorded as an other asset on the statement of financial position.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes. The Center is a not-for-profit corporation exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code. Income from certain activities not directly related to the tax-exempt purpose of the Center could be subject to taxation as unrelated business income. The Center had no unrelated business taxable income for the year ended December 31, 2018. The Center believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Reclassifications. Certain prior year amounts have been reclassified to conform to the current year presentation.

Recently issued accounting standards. In May 2014, the Financial Accounting Standards Board ("FASB") issued Update No. 2014-09 "Revenue from Contracts with Customers (Topic 606)". Update No. 2015-14 deferred the effective date to fiscal periods beginning after December 15, 2018. Update No.'s 2016-8, 2016-10, 2016-12, 2016-14 and 2016-20 made improvements to the Update. The Update represents the convergence of FASB and IASB standards on revenue recognition. The Update creates a principle-based revenue recognition framework that replaces nearly all existing U.S. GAAP revenue recognition guidance. The Update also requires expanded disclosures surrounding revenue recognition. The Center has hired a Director of Finance and is currently evaluating the effect that this Update will have on its financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The update is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The update is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Center has hired a Director of Finance and is currently evaluating the effect that this Update will have on its financial statements.

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The update is intended to make several improvements to current reporting requirements that address: complexities in the current requirement to present three classes of net assets, deficiencies in the transparency and utility of information useful in assessing an entity's liquidity caused by misunderstandings and confusion about the term unrestricted net assets and how restrictions or limits imposed by donors, grantors, laws, contracts and governing boards affect and entity's liquidity, classes of net assets and financial performance. The update is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Center has adjusted the presentation of these statements accordingly. The update has been applied retrospectively to all periods presented.

NOTE 2 - ECONOMIC DEPENDENCY

The Center received a substantial amount of its total revenue and other support from the Victims Assistance and Law Enforcement (approximately 34% and 40% in 2018 and 2017, respectively), Law Assistance for Victims Grant (approximately 11% and 15% in 2018 and 2017, respectively), and Victims of Crime Act (approximately 32% and 18% in 2018 and 2017, respectively). A significant reduction in the level of such support, if this were to occur, may have an adverse effect on the Center's programs and activities.

NOTE 3 - GRANTS RECEIVABLE

Management believes that grants receivable at year-end are deemed fully collectible. An allowance for doubtful accounts is required by generally accepted accounting standards. However, based on the historical collection experience of The Center for Trauma & Resilience, management feels that all pledges are collectible and an allowance for doubtful accounts is not deemed appropriate.

NOTE 4 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures,* provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB 820 are described as follows:

Level 1— Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2—Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Beneficial Interest in Assets held by Community First: Valued at the fair value of the underlying assets, as reported to The Center by Community First.

The preceding methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while The Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, The Center's assets at fair value as of December 31, 2018 and 2017:

Assets at Fair Value as of December 31, 2018

	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial Interest in Assets held by Community First	$ -	$18,760	$ -	$18,760
Total assets at fair value	$ -	$18,760	$ -	$18,760

Assets at Fair Value as of December 31, 2017

	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial Interest in Assets held by Community First	$ -	$ 20,947	$ -	$20,947
Total assets at fair value	$ -	$ 20,947	$ -	$20,947

NOTE 5 – BENEFICIAL INTEREST IN PERPETUAL TRUST

The Center is named as a beneficiary in assets held by the Community First Foundation. The agreement provides distributions of income; however the underlying assets will not be distributed to The Center. The Center values these beneficial interests at the fair value of the underlying assets, which approximates the present value of the estimated future cash flows. The Foundation determines the investments in which the money is invested. The Center may request distributions from the Foundation for amounts in excess of the underlying assets. At this time, the Board of Directors has decided not to request any distributions unless there is a significant financial need. The underlying assets have been classified as permanently restricted, while all income earned on those assets has been classified as temporarily restricted until the Board makes a request for distribution. The change in fair value of this trust is reported in the statement of activities as change in value of beneficial interest in perpetual trusts. The Center values these beneficial interests at the fair value of the underlying assets, which approximates the present value of the estimated future cash flows.

NOTE 6 -COMPENSATED ABSENCES

It is the Center's policy to permit employees to accumulate earned but unused vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Center does not have a policy to pay any amounts for sick leave when employees separate from service with the Center.

NOTE 7 -LONG-TERM DEBT

In September 2011, First Bank approved financing for the Purchase of the building. Monthly principal and interest payments commenced on October 1, 2011 and were due through September, 2021. The loan was modified effect May 21, 2018. The modification agreement established a fixed interest rate of 5.5% with monthly payments of $2,140 to e made from June 1, 2018-April 1, 2028. A single balloon payment of the entire unpaid balance of Principal and interest is due May 1, 2028.

The outstanding principal balance at December 31, 2018 and 2017 was $341,049 and $345,965, respectively, including $7,005 and $10,269 shown as current.

Following are maturities of long-term debt for each of the next five years:

	Amount
2019	$ 7,005
2020	7,243
2021	7,654
2022	8,050
Thereafter	311,097
Total:	$ 341,049

NOTE 8-RETIREMENT PLAN

Employees who have completed four months of employment may participate in a tax-deferred retirement plan. This is a voluntary method for employees to use their pre-tax dollars to save for retirement. The Center does not provide any matching contributions.

NOTE 9 - AVAILABLE RESOURCES AND LIQUIDITY.

Financial assets available for general expenditure within one year of the balance sheet consist of the following:

	2018	2017
Cash and Cash Equivalents and Restricted Cash	$ 287,417	$ 266,720
Grants Receivable	199,888	235,765
Foundations Receivable	7,500	7,500
Accounts Receivable	14,108	5,430
Total Financial Assets	508,913	515,415
Less net assets with Donor restrictions, including restricted cash	(39,544)	(54,420)
Financial Available for General Expenditure	469,369	460,995

As part of The Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

The Center has received certain contributions with donor imposed purpose restrictions. The net assets with donor restrictions fund balance at December 31, 2018 and 2017 of $54,420 and $39,544, respectively, is restricted by the donor for a specified purpose. Of this amount $20,000 is designated as non-spendable and is held in the Community First Foundation (see Note 5). The remaining balance is purpose restricted for use by the victims of the Aurora Theater Shooting.

Net assets released from net assets with donor restrictions are as follows:

	2018
Funds spent for specified purpose	$ 14,876

NOTE 11- SUBSEQUENT EVENTS

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through September 23, 2019, the date the financial statements were available to be issued.

The Center for Trauma & Resilience
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass Through Grantor/Program Title	CFDA NUMBER	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE		
Direct:		
Legal Assistance for Victims (LAV)	16.524	$ 86,863
Limited English Proficiency (LEP)	16.582	106,526
Total Direct Funding		193,389
Passed through Colorado Office of Children, Youth & Families		
Domestic Violence Program (DVP)	93.671	59,630
Passed through Colorado Department of Public Safety		
Victims of Crime Act (VOCA)	16.575	555,926
Total Pass-through Funding		615,556
TOTAL FEDERAL EXPENDITURES		$ 808,945

The Center for Trauma & Resilience
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of The Center for Trauma & Resilience under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Center for Trauma & Resilience, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Center for Trauma & Resilience

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on a cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represents adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. SUBRECIPIENTS

No federal awards were passed through to subrecipients for the year-ended December 31, 2018.

4. NONCASH PROGRAM ACTIVITY

There was no noncash assistance included in the Schedule of Federal Expenditures for the year ended December 31, 2018.

5. INDIRECT COST RATE

The Center for Trauma & Resilience has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

WATSON COON RYAN
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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*

Independent Auditor's Report

Board of Directors
The Center for Trauma & Resilience
Denver, Colorado

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,[1] the financial statements of The Center for Trauma & Resilience, which comprise the statement of financial position as of December 31, 2018 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 September 23, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Center for Trauma & Resilience'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Center for Trauma & Resilience's internal control. Accordingly, we do not express an opinion on the effectiveness of The Center for Trauma & Resilience'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 entity'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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying *schedule of findings and questioned costs* as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Center for Trauma & Resilience'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying *schedule of findings and questioned costs* as item 2018-003.

The Center for Trauma & Resilience's Response to Findings

The Center for Trauma & Resilience's response to the findings identified in our audit is described in the accompanying *schedule of findings and questioned costs*. The Center for Trauma & Resilience's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watson Coon Ryan, LLC

WATSON COON RYAN, LLC
GREENWOOD VILLAGE, COLORADO

September 23, 2019

WATSON COON RYAN
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
The Center for Trauma & Resilience

Report on Compliance for Each Major Federal Program

We have audited The Center for Trauma & Resilience's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Center for Trauma & Resilience's major federal programs for the year ended December 31, 2018. The Center for Trauma & Resilience's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of The Center for Trauma & Resilience's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Center for Trauma & Resilience's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Center for Trauma & Resilience's compliance.

Opinion on Each Major Federal Program

In our opinion, The Center for Trauma & Resilience complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-03. Our opinion on each major federal program is not modified with respect to this matter.

The Center for Trauma & Resilience's response to the noncompliance findings identified in our audit are described in the accompanying corrective action plan. The Center for Trauma & Resilience's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of The Center for Trauma & Resilience is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Center for Trauma & Resilience's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Center for Trauma & Resilience's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-03, that we consider to be significant deficiencies.

The Center for Trauma & Resilience's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. The Center for Trauma & Resilience's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully,

Watson Coon Ryan, LLC

WATSON COON RYAN, LLC

SEPTEMBER 23, 2019
GREENWOOD VILLAGE, COLORADO

The Center for Trauma & Resilience
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	____ Yes	_x_ No
Significant deficiencies identified?	_x_ Yes	____ No
Noncompliance material to financial statements noted?	____ Yes	_x_ No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	____ Yes	_x_ No
Significant deficiencies identified?	_x_ Yes	____ None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_x_ Yes	____ No
Identification of major federal programs:	**16.575** Victims of Crime Act	
Dollar threshold used to distinguish between type A and type B programs:	$ 750,000	
Auditee qualified as a low-risk auditee?	____ Yes	_x_ No

Section II: Financial Statement Findings

Finding 2018-001:

Criteria: Accounting standards require accounts receivable be reviewed for outdated/incorrect balances, as well as for collectability and that all intercompany and interdivision balances be eliminated.

Condition and Context: For the year ended December 31, 2018, The Center included several outdated and incorrect receivable balances, as well as interdepartmental balances that were not properly accounted for resulting in adjusting entries.

Cause: Accounts receivable listings maintained by the TI Center are not reviewed during the year.

Effect or Potential Effect: Materially misstated revenue and account receivable balances.

Recommendation: The accounts receivable listing should be reviewed on a periodic basis to ensure balances are accurate and appropriately recorded.

Responsible Official's Response: Management agrees with the recommendation. Significant turnover in the TI Center personnel led to limited oversight in certain areas. Management will review the accounts receivable listing on a quarterly basis and adjust amounts as necessary.

Finding 2018-002:

Criteria: Payroll should be reconciled timely with payroll reports for reporting purposes, as well as for grant reporting.

Condition and Context: For the year ended December 31, 2018, health insurance costs were incorrectly accounted for resulting in the reimbursement of unallowable costs.

Cause: While wage expense and payroll tax were adequately reviewed and reconciled, the accounting for withholdings and fringe benefits were not thoroughly reviewed or reconciled.

Effect or Potential Effect: Material noncompliance with terms of grant contract, or misstatements in coding of payroll or errors in reporting.

Recommendation: We recommend the Center require a monthly reconciliation of payroll expense accounts to the monthly payroll report. All relevant expenses should be reconciled without exception to the total amounts in the combined general ledger.

Responsible Official's Response: Management agrees with the finding and has taken immediate action to remedy the identified error. We immediately informed our grant officer of the error and the over reimbursement of costs was refunded in the draw on 4/15/2019. The accounting for these costs was immediately corrected and a more thorough review of all payroll related costs was immediately implemented.

The Center for Trauma & Resilience
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Section III: Federal Awards Findings

Finding 2018-003:

Information on the Federal Program: CFDA 16.575—Victims of Crime Act, United States Department of Justice. *Pass-Through Entity:* Colorado Department of Public Safety. *Award Number:* 2015-VA-16-013715-02. *Compliance Requirements:* Allowable Cost. *Type of Finding:* Material Noncompliance.

Criteria: Federal awards should only be used for allowable costs, as defined in the compliance supplement, the uniform guidance as well as those costs outlined in the grant and approved by the grant office.

Condition: For the year ended December 31, 2018, we reviewed the detail of costs reimbursed under the Victims of Crime Act grant identified above. During our review, we noted that the employee paid portion of health insurance premiums were reimbursed as a CTR expense. This is not a reimbursable cost under the grant agreement, as a portion of this cost is paid by the employees directly and are not a CTR expenses. As a result, a portion of the total amount reimbursed for health insurance premiums under the Victims of Crime Act is were incorrectly reimbursed.

Cause: The Center changed its policies as they relate to the payment of employee health insurance. Subsequent to this change program staff did not sufficiently review costs reimbursed under the grant to ensure they met all reimbursement criteria.

Effect or Potential Effect: As a result, the entity has costs that are not allowable under the grant, by the amount of questioned costs below.

Questioned Costs: $14,019.

Context: Of the $555,926 reported as allowable costs in 2018, $14,019 represented expenditures that were not allowable under the grant.

Responsible Official's Response: Management agrees with the finding and has taken immediate action to remedy the identified error. We immediately informed our grant officer of the error and the over reimbursement of costs was refunded in the draw on 4/15/2019. The accounting for these costs was immediately corrected and a more thorough review of all payroll related costs was immediately implemented.

Section IV: Status of Prior Year Findings

Not applicable as The Center did not need to complete a single audit for the year ended December 31, 2017.

The Center For
Trauma &
Resilience

P.O. Box 18975, Denver, CO

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Award Findings

2018-003 Over reimbursement of health insurance costs

Planned Corrective Action: Management of The Center concurs with the audit finding. Risk was identified and corrected immediately in March 2019 and the over reimbursed costs were refunded in the next draw. The accounting for these costs was immediately corrected, and a more thorough review and reconciliation of all payroll related costs was immediately implemented.

Name of Contact Person: Joan Hunter, Finance Director. Corrective action implemented immediately.