

**DALLAS CHILDREN'S
ADVOCACY CENTER
DALLAS CHILDREN'S ADVOCACY
CENTER FOUNDATION**

FEDERAL SINGLE AUDIT REPORT

**For the Nine Months Ended
September 30, 2016**

**DALLAS CHILDREN’S
ADVOCACY CENTER
DALLAS CHILDREN’S ADVOCACY
CENTER FOUNDATION**

FEDERAL SINGLE AUDIT REPORT

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**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 of
Dallas Children's Advocacy Center
Dallas Children's Advocacy Center Foundation
Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, consolidated the financial statements of Dallas Children's Advocacy Center and Dallas Children's Advocacy Center Foundation (collectively, the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2016, and the related consolidated statements of activities, cash flows, and functional expenses for the nine months then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 23, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is 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. 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 Organization's financial statements are free of 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.

Whitley Penn LLP

Dallas, Texas
January 23, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE; AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY TITLE 2 U.S. CODE OF FEDERAL REGULATIONS (CFR) PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

To the Board of Directors of
Dallas Children's Advocacy Center
Dallas Children's Advocacy Center Foundation
Dallas, Texas

Report on Compliance for Each Major Federal Program

We have audited Dallas Children's Advocacy Center and Dallas Children's Advocacy Center Foundation's (collectively, the "Organization") compliance with the types of compliance requirements described in Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* that could have a direct and material effect on the Organization's major federal program for the nine months ended September 30, 2016. The Organization's major federal program is 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with GAAS; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Title 2 U.S. 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 Organization'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 Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the nine months ended September 30, 2016.

Report on Internal Control over Compliance

Management of the Organization 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 Organization'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 Organization'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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 and UGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards

We have audited the consolidated financial statements of Dallas Children's Advocacy Center and Dallas Children's Advocacy Center Foundation as of and for the nine months ended September 30, 2016, and have issued our report thereon dated January 23, 2017, which contained an unmodified opinion on those financial statements. 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 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 GAAS. 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Dallas, Texas
January 23, 2017

**DALLAS CHILDREN'S ADVOCACY CENTER
DALLAS CHILDREN'S ADVOCACY CENTER FOUNDATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Nine Months Ended September 30, 2016

I. Summary of Auditors' Results

Financial Statements

| | |
|---|---------------|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None reported |
| Noncompliance material to the financial statements noted? | No |

Federal Awards

| | |
|--|---------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | None reported |
| Type of auditors' report issued on compliance: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)? | None |

Identification of Major Programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 16.575 | VA-Victims of Crime Act Formula Grant Program |

| | |
|--|-----------|
| Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
|--|-----------|

| | |
|--|----|
| Auditee qualified as low-risk auditee? | No |
|--|----|

**DALLAS CHILDREN'S ADVOCACY CENTER
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(continued)*

II. Financial Statement Findings

The results of our procedures disclosed no findings to be reported for the nine months ended September 30, 2016.

III. Federal Award Findings and Questioned Costs

The results of our procedures disclosed no findings to be reported for the nine months ended September 30, 2016.

IV. Status of Prior Year Findings

Not applicable – no audit of federal awards for the year ended December 31, 2015.

**DALLAS CHILDREN’S ADVOCACY CENTER
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Nine Months Ended September 30, 2016

| <u>Grantor/Pass-through Grantor/Program Title</u> | <u>Grant Number</u> | <u>Expenditures</u> |
|--|-------------------------|---------------------|
| Passed through The Children’s Advocacy Centers of Texas, Inc. | | |
| Victims of Crime and Abuse – VOCA 16.575 | 2016- VOCA-2 | \$ 893,495 |
| Total Expenditures of Federal Awards | | <u>\$ 893,495</u> |

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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Nine Months Ended September 30, 2016

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Dallas Children’s Advocacy Center and Dallas Children’s Advocacy Center Foundation (collectively, the “Organization”) under programs of the federal government for the nine months ended September 30, 2016. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

B. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When such funds are advanced to the Organization, they are recorded as deferred revenues until earned. Otherwise, federal grant funds are received on a reimbursement basis from the respective federal program agencies. Generally, unused balances are returned to the grantor at the close of specified project periods.