STOCKMAN KAST RYAN + COMPANY

TESSA

Independent Auditors' Reports,

Financial Statements,

Supplemental Information,

Schedule of Findings and Questioned Costs,

And

Summary Schedule of Prior Audit Findings

For the Year Ended September 30, 2019

TESSA

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STOCKMAN KAST RYAN + COMPANY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
TESSA
Colorado Springs, Colorado

We have audited the accompanying financial statements of TESSA (a non-profit organization), which comprise the balance sheet as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 TESSA as of September 30, 2019, and the change 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective October 1, 2018, TESSA 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* for the year ended September 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited TESSA's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 24, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are not a required part of the financial statements of TESSA. 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 information 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 December on our consideration of TESSA'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 TESSA's internal control over financial reporting and compliance.

Stockman Kast Ryan + Co, LLP

December 22, 2020

TESSA

BALANCE SHEET
SEPTEMBER 30, 2019 (with comparative totals for 2018)

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 263,216	$ 227,116
Investments	897,234	816,392
Grants and pledges receivable	335,792	551,449
Accounts receivable		10,326
Prepaid expenses and other assets	17,098	7,976
Total current assets	1,513,340	1,613,259
PROPERTY AND EQUIPMENT, NET	34,408	42,745
TOTAL ASSETS	$ 1,547,748	$ 1,656,004
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 89,202	$ 144,181
Accrued expenses	220,938	107,807
Total current liabilities	310,140	251,988
NET ASSETS		
Without donor restriction	1,150,480	1,341,052
With donor restriction	87,128	62,964
Total net assets	1,237,608	1,404,016
TOTAL LIABILITIES AND NET ASSETS	$ 1,547,748	$ 1,656,004

See notes to financial statements.

TESSA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019 (with comparative totals for 2018)

	2019			
	Without Donor Restriction	With Donor Restriction	Total	2018 Total
REVENUES AND OTHER SUPPORT				
Government grants	$ 2,179,604		$ 2,179,604	$ 1,768,960
Contributions	581,177	$ 507,740	1,088,917	909,809
In-kind contributions - rent	253,333		253,333	253,333
In-kind contributions - personnel and professional services	133,480		133,480	236,421
Special events - net of expenses of $12,118 and $115,036, respectively	27,322		27,322	114,695
Program service fees	26,252		26,252	28,991
Other revenue	41,960		41,960	82,729
Net assets released from restrictions: Satisfaction of time and purpose restrictions	483,576	(483,576)		
Total revenues and other support	3,726,704	24,164	3,750,868	3,394,938
EXPENSES				
Program services:				
Safehouse/Crisis Line	779,352		779,352	668,530
Advocacy	558,591		558,591	553,371
Housing Program	481,894		481,894	357,800
Children's Program	432,867		432,867	327,933
LIFT Program	409,043		409,043	326,714
Rural Grant	254,746		254,746	213,020
Counseling	253,021		253,021	306,275
Legal Services	193,609		193,609	
WRA	74,057		74,057	9,166
Total program services	3,437,180	—	3,437,180	2,762,809
Support services:				
Resource development	302,361		302,361	189,353
Management and general	177,735		177,735	86,490
Total expenses	3,917,276	—	3,917,276	3,038,652
CHANGE IN NET ASSETS	(190,572)	24,164	(166,408)	356,286
NET ASSETS, Beginning of year	1,341,052	62,964	1,404,016	1,047,730
NET ASSETS, End of year	$ 1,150,480	$ 87,128	$ 1,237,608	$ 1,404,016

See notes to financial statements.

TESSA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019 (with comparative totals for 2018)

	Program Services										Support Services				
	Safehouse/ Crisis Line	Advocacy	Housing Program	Children's Program	LIFT Program	Counseling	Rural Grant	Legal Services	WRA	Total	Resource Development	Management and General	Total	2019 TOTAL	2018 TOTAL
Salaries and benefits	$ 405,135	$ 481,173	$ 137,541	$ 389,957	$ 132,887	$ 217,487	$ 198,719	$ 151,314	$ 39,912	$ 2,154,125	$ 204,025	$ 40,241	$ 244,266	$ 2,398,391	$ 1,981,605
Client assistance	11,450	14,326	331,222	13,634	246,451		406	39,826	2,964	660,279		1,965	1,965	662,244	452,380
Occupancy costs	351,176	22,950	2,017	20,839	2,985	13,669	13,482		9,876	436,994	5,558	8,513	14,071	451,065	415,213
Professional Fees		22,500				13,819	2,135			38,454	82,267	83,038	165,305	203,759	37,383
Conferences and travel	1,314	3,582	1,933	771	5,567	213	33,716	2,312	75	49,483	961	3,203	4,164	53,647	10,928
Office expense	6,516	9,097	4,265	4,653	8,886	5,742	2,837	71	2,190	44,257	1,560	3,063	4,623	48,880	40,600
Insurance					2,049					2,049		15,130	15,130	17,179	13,424
Printing and postage	58	29	29	52	29	115		86		398	4,430	12,273	16,703	17,101	41,356
Depreciation										—		8,337	8,337	8,337	4,640
Other expenses	3,703	4,934	4,887	2,961	10,189	3,701	1,726		19,040	51,141	3,560	1,972	5,532	56,673	41,123
Total - 2019	$ 779,352	$ 558,591	$ 481,894	$ 432,867	$ 409,043	$ 254,746	$ 253,021	$ 193,609	$ 74,057	$ 3,437,180	$ 302,361	$ 177,735	$ 480,096	$ 3,917,276	
Percent of total costs - 2019	20%	14%	12%	11%	10%	7%	6%	5%	2%	87%	8%	5%	13%	100%	
Total - 2018	$ 668,530	$ 553,371	$ 357,800	$ 327,933	$ 326,714	$ 306,275	$ 213,020	$ —	$ 9,166	$ 2,762,809	$ 189,353	$ 86,490	$ 275,843		$ 3,038,652
Percent of total costs - 2018	22%	18%	12%	11%	11%	10%	7%	0%	0%	91%	6%	3%	9%		100%

TESSA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2019 (with comparative totals for 2018)

	2019	2018
OPERATING ACTIVITIES		
Change in net assets	$ (166,408)	$ 356,286
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,337	4,640
Net unrealized and realized gains on investments	(17,604)	(43,553)
Changes in operating assets and liabilities:		
Accounts receivable	10,326	45,874
Prepaid expenses and other assets	(9,122)	(3,574)
Grants receivable	215,657	(323,394)
Accounts payable	(54,979)	(8,958)
Accrued expenses	113,131	(2,108)
Net cash provided by operating activities	99,338	25,213
INVESTING ACTIVITIES		
Purchases of investments	(236,684)	(137,863)
Sales of investments	173,446	171,517
Purchases of property and equipment		(31,514)
Net cash provided by (used in) investing activities	(63,238)	2,140
INCREASE IN CASH AND CASH EQUIVALENTS	36,100	27,353
CASH AND CASH EQUIVALENTS, Beginning of year	227,116	199,763
CASH AND CASH EQUIVALENTS, End of year	$ 263,216	$ 227,116

See notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business — TESSA (TESSA or the Organization) was incorporated in 1977 in the state of Colorado as the Domestic Violence Prevention Center, Inc. TESSA's purpose is to significantly reduce the cycle of domestic violence and adult sexual assault through education, intervention and treatment. TESSA operates in Colorado Springs, Colorado. Many of the contributions received are from governments, private foundations, organizations and individuals living in El Paso County and surrounding counties.

Basis of Presentation — The accompanying financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with TESSA's financial statements for the year ended September 30, 2018, from which the summarized information was derived.

TESSA reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets available for use in general operations - not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents — TESSA considers all highly liquid investments with a maturity of three months or less at the purchase date to be cash and cash equivalents.

Investments — Investments are recorded at fair value, with realized and unrealized gains and losses included as unrestricted revenue in the statements of activities. Donated investments are recorded at fair value on the date of donation. Fair values for mutual funds and money market accounts are determined through quoted market prices. See Note 3 for further information on the fair value of investments.

Contributions — Gifts of cash and other assets received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and is reported as contribution revenue.

Grants and Pledges Receivable — Grants and pledges receivable are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary. As of September 30, 2019, payments on unconditional grants and pledges are expected to be received in the next twelve months.

Accounts Receivable — Accounts receivable are stated at the invoice amount. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Accounts receivable are considered by management to be fully collectible and accordingly, no allowance for doubtful accounts has been recorded at September 30, 2019 and 2018.

Property and Equipment — All acquisitions of property and equipment in excess of $5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are depreciated over the estimated useful lives of the assets on a straight-line basis. Property and equipment are recorded at cost, and donated property is recorded at fair value at the date of the gift.

Income Taxes — TESSA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, TESSA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

TESSA believes that it does not have any uncertain tax positions that are material to the financial statements.

Government Grants — Support funded by grants is recognized as the Organization performs the contracted services or incurs eligible expenditures for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Donated Services and Materials — Donated services and materials are recorded as both a revenue and expenditure in the accompanying statements of activities and changes in net assets at their estimated values. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle — On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities.* The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. During the year ended September 30, 2019, management implemented ASU 2016-14 and adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Reclassifications — Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

Subsequent Events — TESSA has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY

The following table reflects TESSA's financial assets as of September 30, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions. Amounts not available to meet general expenditures within one year include net assets with donor restrictions.

	2019	2018
Cash and cash equivalents	$ 263,216	$ 227,116
Investments	897,234	816,392
Grants and pledges receivable	335,792	551,449
Accounts receivable		10,326
Total	1,496,242	1,605,283
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	45,878	21,714
Restricted by donors with time restrictions	41,250	41,250
Total amounts unavailable for general expenditures within one year	87,128	62,964
Total	$ 1,409,114	$ 1,542,319

As part of the TESSA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage liquidity needs, the Organization has a committed line of credit of $100,000 which it can draw upon.

3. FUNCTIONAL EXPENSES ALLOCATION METHODS

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of TESSA. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, salaries and benefits, which are allocated on the basis of usage, square footage or estimates of time and effort.

4. PLEDGE RECEIVABLE FOR USE OF PROPERTY

Effective October 1, 2012, TESSA entered into a one year lease agreement for the use of the office and operating facilities for annual rental payments of $1. The lease is renewable annually for up to 20 one-year periods. For the years ended September 30, 2019 and 2018, TESSA recognized contribution revenue and rent expense of $253,333 in both years associated with the below market rates.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

TESSA is required to use 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 priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. 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: Prices determined using significant unobservable inputs.

The investment'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. The following table sets forth by level, within the fair value hierarchy, TESSA's investments at fair value as of September 30:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2019:				
Domestic equity mutual funds	$ 336,724	$ 336,724		
Foreign equity mutual fund	145,531	145,531		
Fixed income mutual funds	362,986	362,986		
Money market accounts	51,993	51,993		
Total	$ 897,234	$ 897,234	$ —	$ —
2018:				
Domestic equity mutual funds	$ 337,308	$ 337,308		
Foreign equity mutual fund	138,550	138,550		
Fixed income mutual funds	338,870	338,870		
Money market accounts	1,664	1,664		
Total	$ 816,392	$ 816,392	$ —	$ —

Investment income consists of the following:

	2019	2018
Net unrealized and realized gains on investments	$ 17,604	$ 43,553
Interest and dividends	22,327	12,648
Total	$ 39,931	$ 56,201

6. PROPERTY AND EQUIPMENT

Property and equipment is as follows at September 30:

	2019	2018
Furniture and equipment	$ 258,105	$ 258,105
Vehicles	29,881	29,881
Computer software	14,241	14,241
	302,227	302,227
Less accumulated depreciation	267,819	259,482
Total	$ 34,408	$ 42,745

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets may be expended for the following purposes at September 30:

	2019	2018
Time restrictions	$ 41,250	$ 41,250
Other	45,878	21,714
Total	$ 87,128	$ 62,964

8. LEASE COMMITMENTS

TESSA leases equipment under a non-cancellable operating lease expiring in 2022. As of September 30, 2019, future minimum lease payments under this operating lease are as follows:

2020	$ 6,751
2021	6,751
2022	6,189
Total	$ 19,691

Rental expense for all operating leases for the years ended September 30, 2019 and 2018 totaled $11,446 and $16,052, respectively.

9. LINE OF CREDIT

The Organization held a $100,000 line of credit with a financial institution with a maturity date of July 27, 2018, which was renewed in the current year with a new expiration date of July 27, 2020. The line of credit bears interest at 5% on the agreement expiring July 27, 2020 and 4.25% on the agreement expiring July 27, 2018. The line of credit is secured by the Organization’s investment holdings. There were no outstanding borrowings at September 30, 2019 and 2018.

10. CONTRIBUTED SUPPLIES AND SERVICES

The value of donated supplies and services included in the financial statements as contributions and corresponding expenses are as follows for the years ended September 30:

	2019	2018
Expenses:		
Rental	$ 253,333	$ 253,333
Services	133,480	236,421
Total	$ 386,813	$ 489,754

11. GRANT CONTINGENCIES

Federal grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill these conditions could result in the disallowance of certain expenditures. Management anticipates no disallowances of expenditures.

12. ACQUISITION AGREEMENT

The Organization entered into a Sale and Assignment Agreement (Agreement) with Women's Resource Agency, Inc. (Women's Resource), a Colorado nonprofit corporation, on December 31, 2018. Women's Resource supports women and teen girls in the Pikes Peak region, providing the tools necessary for them to succeed in their community, in the workplace and in their personal development. The operations of Women's Resource were transitioned into the Organization and Women's Resource was formally dissolved on June 7, 2019. Although the Organization did not pay any compensation in connection with the Agreement other than the assumption of liabilities, this transaction was treated as an acquisition for accounting purposes. As of December 31, 2018, Women's Resource has total assets of approximately $37,400 and net assets of approximately $29,000.

13. SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global response to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

TESSA

SUPPLEMENTAL INFORMATION

TESSA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Federal Agency/Pass-Through Entity and Cluster or Program	CFDA Number	Grant Number	Amount Expended
United States Department of Justice:			
Office on Violence Against Women			
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	2016-WR-AX-0010	$ 240,238
Legal Assistance for Victims Program	16.524	2018-WL-AX-0029	113,742
Pass-Through Programs:			
State of Colorado- Division of Criminal Justice:			
Office for Victims of Crime			
Confidential Victim Advocacy Services	16.575	2018-VA-19-177-04	749,279
Lawyers for Victims	16.575	2016-VA-SP16-L714-04	90,783
Confidential Victim Advocacy Services	16.575	2016-VU-16-013599-04	82,748
Housing First Program	16.575	2016-VA-SP16-H709-04	91,345
Total Office of Victims of Crime			1,014,155
City of Colorado Springs	16.590	2017-WE-AX-0031	46,801
United States Department of Health and Human Services:			
Pass-Through Programs:			
State of Colorado- Division of Child Welfare:			
Family Violence Prevention and Services Act Program	93.671	N/A	91,295
Temporary Assistance to Needy Families Program	93.558	N/A	35,093
United States Department of Housing and Urban Development:			
Continuum of Care Program	14.267	CO0148L8T041600	39,498
Pass-Through Programs:			
City of Colorado Springs:			
Community Development Block Grant Program	14.218	N/A	15,508
TOTAL			$ 1,596,330

(Continued)

Notes to Schedule:

1. This schedule includes the federal awards activity of TESSA and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. TESSA provided no federal awards to subrecipients.

3. TESSA has elected to use the 10 percent de minimus indirect cost rate to charge costs to some but not all of their federal awards.

(Concluded)

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON THE AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
TESSA
Colorado Springs, 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, the financial statements of TESSA (a nonprofit organization), which comprise the balance sheet as of September 30, 2019, 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 December 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered TESSA'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 TESSA's internal control. Accordingly, we do not express an opinion on the effectiveness of TESSA'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. 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 TESSA'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 TESSA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TESSA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stockman Kast Ryan + Co, LLP

December 22, 2020

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
TESSA
Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program

We have audited TESSA'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 TESSA's major federal programs for the year ended September 30, 2019. TESSA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of TESSA’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* 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 TESSA'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 TESSA's compliance.

Opinion on Each Major Federal Program

In our opinion, TESSA 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 September 30, 2019.

Report on Internal Control Over Compliance

Management of TESSA 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 TESSA'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 TESSA'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.

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.

Stockman Kast Ryan + Co, LLP

December 22, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

SECTION I – SUMMARY OF AUDITORS' RESULTS:

FINANCIAL STATEMENTS

1. Type of auditors' report issued:

   ☒ Unmodified ☐ Modified ☐ Adverse ☐ Disclaimed

2. Internal control over financial reporting:

   (A) Material weakness(es) identified? ☐ Yes ☒ No

   (B) Significant deficiencies identified? ☐ Yes ☒ None Reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

FEDERAL AWARDS

1. Internal control over major programs:

   (A) Material weakness(es) identified? ☐ Yes ☒ No

   (B) Significant deficiencies identified? ☐ Yes ☒ None Reported

2. Type of auditors' report issued on compliance for major programs:

   ☒ Unmodified ☐ Modified ☐ Adverse ☐ Disclaimed

3. Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

4. The Organization's major programs were:

CFDA Number	Cluster/Program
16.575	Office for Victims of Crime

5. Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

6. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS:

No matters are reported

(Concluded)

TESSA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

Reference Number	Finding	Questioned Costs
2018-001	*Condition* – Documentation should be maintained to support contribution revenue, as well as donor database records reconciled to the financial records on a frequent basis, preferably monthly. *Recommendation* – We recommended that management ensures that donation support is maintained, and contributions amounts are reconciled to the financials on a monthly basis. *Current status*: The Organization is maintaining support for contribution revenue and amounts are reconciled occasionally.	None
2018-002	*Condition* – Salaries paid to employees should be approved with supporting documentation and payroll registers reviewed closely to ensure pay is accurate and in line with approval documentation. *Recommendation* – We recommended that pay rate approvals and payroll registers be reviewed closer for any discrepancies. *Views of responsible officials and planned corrective actions* – We have performed a full review of salaries and documentation and determined no other occurrences exist. *Current status*: Pay rate approvals and pay registers are reviewed closely frequently by management.	None