



TESSA

Financial Statements

For the Year Ended September 30, 2024

And

Independent Auditors' Report

TESSA

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
TESSA
Colorado Springs, Colorado

Opinion

We have audited the accompanying financial statements of TESSA (the Organization), a non-profit organization, which comprise the balance sheet as of September 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated June 24, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan & Co., LLP

May 22, 2025

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BALANCE SHEET

SEPTEMBER 30, 2024 (with comparative totals for 2023)

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 344,204	\$ 225,013
Investments	1,679,750	1,705,069
Grants and pledges receivable	279,560	469,811
Prepaid expenses and other assets	<u>8,601</u>	<u>7,222</u>
Total current assets	2,312,115	2,407,115
PROPERTY AND EQUIPMENT, NET	<u>180,381</u>	<u>154,904</u>
TOTAL ASSETS	<u><u>\$ 2,492,496</u></u>	<u><u>\$ 2,562,019</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 34,205	\$ 33,132
Accrued expenses	193,587	192,098
Deferred revenue	<u>76,167</u>	<u></u>
Total current liabilities	<u>303,959</u>	<u>225,230</u>
NET ASSETS		
Without donor restriction	2,179,199	2,325,539
With donor restriction	<u>9,338</u>	<u>11,250</u>
Total net assets	<u>2,188,537</u>	<u>2,336,789</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,492,496</u></u>	<u><u>\$ 2,562,019</u></u>

See notes to financial statements.

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STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2024 (with comparative totals for 2023)

	2024			2023
	Without Donor Restriction	With Donor Restriction	Total	Total
REVENUES AND OTHER SUPPORT				
Government grants	\$ 1,753,924		\$ 1,753,924	\$ 1,901,147
Contributions - financial	834,814	\$ 9,338	844,152	1,754,817
Contributions - non-financial	568,653		568,653	447,545
Investment income	294,458		294,458	103,213
Special events - net of expenses of \$34,102 and \$63,298, respectively	150,613		150,613	137,475
Program service fees	40,210		40,210	71,323
Net assets released from restrictions:				
Satisfaction of time and purpose restrictions	11,250	(11,250)		
Total revenues and other support	3,653,922	(1,912)	3,652,010	4,415,520
EXPENSES				
Program services:				
Safehouse / Crisis Line	754,165		754,165	762,382
Advocacy	540,155		540,155	538,452
Legal services / LIFT program	529,190		529,190	522,533
Housing program	457,379		457,379	487,831
Children's program	330,171		330,171	350,356
Rural grant	313,526		313,526	236,931
Counseling	294,798		294,798	370,107
Human trafficking	202,808		202,808	187,882
DHS	59,104		59,104	50,931
Total program services	3,481,296	—	3,481,296	3,507,405
Support services:				
Management and general	206,459		206,459	248,242
Resource development	112,507		112,507	79,981
Total expenses	3,800,262	—	3,800,262	3,835,628
CHANGE IN NET ASSETS	(146,340)	(1,912)	(148,252)	579,892
NET ASSETS, Beginning of year	2,325,539	11,250	2,336,789	1,756,897
NET ASSETS, End of year	\$ 2,179,199	\$ 9,338	\$ 2,188,537	\$ 2,336,789

See notes to financial statements.

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STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2024 (with comparative totals for 2023)

	2024											2023 Expenses Total	
	Program Services									Support Services			
	Safehouse / Crisis Line	Advocacy	Legal Services / LIFT Program	Housing Program	Children's Program	Rural Grant	Counseling	Human Trafficking	DHS	Management and General	Resource Development		Expenses Total
Salaries and benefits	\$ 464,240	\$ 428,868	\$ 285,829	\$ 134,242	\$ 216,113	\$ 246,099	\$ 166,649	\$ 170,192	\$ 52,238	\$ 133,473	\$ 55,188	\$ 2,353,131	\$ 2,389,996
Client assistance	8,989	976	203,928	286,056	2,433	14,861	2,926	3,889		(2,667)	18,137	539,528	536,369
Occupancy costs	227,000	64,640	12,831	13,199	64,095	15,034	57,378	10,568	2,721	19,909	16,474	503,849	455,927
Professional fees	8,876	9,152	7,147	5,681	10,187	7,403	41,837	6,614	666	12,635	4,658	114,856	144,528
Office expense	7,052	10,758	6,519	4,145	7,078	9,662	9,621	3,893	828	10,862	2,688	73,106	114,158
Depreciation	14,571	4,179	737	790	4,286	523	3,859	683	176	1,162	1,057	32,023	32,023
Insurance	4,829	3,203	1,725	2,378	4,336	3,117	1,973	985	246	4,185	1,725	28,702	25,766
Conferences and travel	558	377	773	232	392	1,974	174	344	923	1,015	734	7,496	15,513
Other expenses	18,050	18,002	9,701	10,656	21,251	14,853	10,381	5,640	1,306	25,885	11,846	147,571	121,348
Total	\$ 754,165	\$ 540,155	\$ 529,190	\$ 457,379	\$ 330,171	\$ 313,526	\$ 294,798	\$ 202,808	\$ 59,104	\$ 206,459	\$ 112,507	\$ 3,800,262	
Percentage	20%	14%	14%	12%	9%	8%	8%	5%	2%	5%	3%	100%	
Comparative: Total-2023	\$ 762,382	\$ 538,452	\$ 522,533	\$ 487,831	\$ 350,356	\$ 236,931	\$ 370,107	\$ 187,882	\$ 50,931	\$ 248,242	\$ 79,981		\$ 3,835,628
Percentage-2023	20%	14%	14%	13%	9%	6%	10%	5%	1%	6%	2%		100%

See notes to financial statements.

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2024 (with comparative totals for 2023)

	2024	2023
OPERATING ACTIVITIES		
Change in net assets	\$ (148,252)	\$ 579,892
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	32,023	32,023
Net unrealized and realized gains on investments	(258,048)	(55,744)
Changes in operating assets and liabilities:		
Grants receivable and pledges receivable	190,251	(8,172)
Prepaid expenses and other assets	(1,379)	(981)
Accounts payable	1,073	(39,754)
Accrued expenses	77,656	94,592
Net cash provided by (used in) operating activities	<u>(106,676)</u>	<u>601,856</u>
INVESTING ACTIVITIES		
Purchases of investments	(31,129)	(591,709)
Sales of investments	314,496	14,289
Purchases of property and equipment	<u>(57,500)</u>	<u></u>
Net cash provided by (used in) investing activities	<u>225,867</u>	<u>(577,420)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	119,191	24,436
CASH AND CASH EQUIVALENTS, Beginning of year	<u>225,013</u>	<u>200,577</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 344,204</u>	<u>\$ 225,013</u>

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business — TESSA (the Organization) was incorporated in 1977 in the state of Colorado as the Domestic Violence Prevention Center, Inc. The Organization's purpose is to significantly reduce the cycle of domestic violence and adult sexual assault through education, intervention and treatment. The Organization 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 the Organization's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

The Organization 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-imposed 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 — The Organization 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 statement 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 5 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, 2024, payments on unconditional grants and pledges are expected to be received in the next twelve months.

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 — The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization 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). The Organization 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. The Organization is electing the simultaneous release option practical expedient to allow donor-restricted conditional grants that are recognized and used within the same reporting period as if they were unrestricted, without having to change the reporting of donor-restricted activity. The Organization had a conditional promise of \$2,216,959 and \$2,724,178 at September 30, 2024 and 2023, respectively, representing federal award grants to be recognized as the Organization incurs outlays eligible for reimbursement under the grant agreements.

Donated Services and Materials — Donated services and materials are recorded as both a revenue and expenditure in the accompanying statement 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.

Subsequent Events — The Organization 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 the Organization's financial assets as of September 30, 2024 and 2023, 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.

	2024	2023
Cash and cash equivalents	\$ 344,204	\$ 225,013
Investments	1,679,750	1,705,069
Grants and pledges receivable	<u>279,560</u>	<u>469,811</u>
Total	2,303,514	2,399,893
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with time restrictions	<u>(9,338)</u>	<u>(11,250)</u>
Total	<u>\$ 2,294,176</u>	<u>\$ 2,388,643</u>

As part of the Organization'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.

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 the Organization. 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, the Organization 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 each of the years ended September 30, 2024 and 2023, the Organization recognized contribution revenue and rent expense of \$319,913 and \$253,333, respectively, associated with the below market rates.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization 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; and
- 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, the Organization'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)
2024:				
Domestic equity mutual funds	\$ 955,202	\$ 955,202		
Fixed income mutual funds	340,039	340,039		
Foreign equity mutual fund	294,009	294,009		
Money market accounts	<u>90,500</u>	<u>90,500</u>		
Total	<u>\$ 1,679,750</u>	<u>\$ 1,679,750</u>	<u>\$ —</u>	<u>\$ —</u>
2023:				
Domestic equity mutual funds	\$ 1,077,006	\$ 1,077,006		
Fixed income mutual funds	338,166	338,166		
Foreign equity mutual fund	227,365	227,365		
Money market accounts	<u>62,532</u>	<u>62,532</u>		
Total	<u>\$ 1,705,069</u>	<u>\$ 1,705,069</u>	<u>\$ —</u>	<u>\$ —</u>

Investment income consists of the following:

	2024	2023
Net unrealized and realized gains on investments	\$ 258,048	\$ 55,744
Interest and dividends	<u>36,410</u>	<u>47,469</u>
Total	<u>\$ 294,458</u>	<u>\$ 103,213</u>

6. PROPERTY AND EQUIPMENT

Property and equipment are as follows at September 30:

	2024	2023
Furniture and equipment	\$ 450,311	\$ 450,311
Vehicles	72,381	29,881
Computer software	41,603	41,603
Construction in Progress	<u>15,000</u>	<u></u>
Total	579,295	521,795
Less accumulated depreciation	<u>(398,914)</u>	<u>(366,891)</u>
Total	<u>\$ 180,381</u>	<u>\$ 154,904</u>

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets of \$9,338 and \$11,250 were restricted by time restrictions as of September 30, 2024 and 2023, respectively.

8. CONTRIBUTIONS – NON-FINANCIAL ASSETS

Contributions of non-financial assets consist of the following for the years ended December 31:

	Revenue Recognized	Utilization in Programs / Activities	Donor Restriction	Valuation Techniques / Inputs
2024:				
Donated rent	\$ 319,913	Administrative	None	Fair market value
Donated services	<u>248,740</u>	Program services	None	Fair market value
Total	<u>\$ 568,653</u>			
2023:				
Donated rent	\$ 253,333	Administrative	None	Fair market value
Donated services	<u>194,212</u>	Program services	None	Fair market value
Total	<u>\$ 447,545</u>			

8. 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.

9. CONCENTRATIONS

The Organization maintains its cash and cash equivalents in bank deposit accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At September 30, 2024, the Organization's bank accounts exceeded FDIC limits by approximately \$94,204.

Contracts with the federal and state government provided the Organization with approximately 48% and 41% of the Organization's revenue for each of the years ended September 30, 2024 and 2023, respectively.

As of September 30, 2024 and 2023, 97% and 98%, respectively, of the Organization's grants and pledges receivable was due under these grants.