

**MISSOURI NETWORK OF
CHILD ADVOCACY CENTERS
D/B/A MISSOURI KIDSFIRST**

JEFFERSON CITY, MISSOURI

AUDITED FINANCIAL STATEMENTS

**For the Years Ended
December 31, 2016 and 2015**

MISSOURI NETWORK OF
CHILD ADVOCACY CENTERS

JEFFERSON CITY, MISSOURI

Table of Contents

	<u>Page</u>
Independent Auditors' Report.....	1-2
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-11



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Missouri Network of Child Advocacy Centers
d/b/a Missouri KidsFirst
Jefferson City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, 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.

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. 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 Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst as of December 31, 2016, 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.

Prior Period Financial Statements

The financial statement of Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst as of December 31, 2015, were audited by other auditors whose report dated May 6, 2016, expressed an unmodified opinion on those statements.

K. Coe Isom, LLP

K·Coe Isom, LLP
Columbia, Missouri
August 17, 2017

**MISSOURI NETWORK OF CHILD ADVOCACY CENTERS
D/B/A MISSOURI KIDSFIRST
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash	\$ 160,888	\$ 249,528
Certificate of Deposit	23,483	23,475
Grant funds receivable	336,655	179,770
Other receivables	5,915	13,925
Prepaid Expenses	1,573	-
	<u>\$ 528,514</u>	<u>\$ 466,698</u>
Total current assets		
Fixed Assets:		
Furniture and equipment	\$ 20,096	\$ 15,968
Less: Accumulated depreciation	<u>(16,078)</u>	<u>(12,334)</u>
Net fixed assets	<u>\$ 4,018</u>	<u>\$ 3,634</u>
TOTAL ASSETS	<u><u>\$ 532,532</u></u>	<u><u>\$ 470,332</u></u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:		
Accounts payable	\$ 276,392	\$ 102,998
Accrued payroll tax	848	577
Deferred revenue	<u>143,450</u>	<u>218,859</u>
Total current liabilities	<u>\$ 420,690</u>	<u>\$ 322,434</u>
Net Assets:		
Unrestricted net assets	<u>\$ 111,842</u>	<u>\$ 147,898</u>
TOTAL NET ASSETS	<u>\$ 111,842</u>	<u>\$ 147,898</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 532,532</u></u>	<u><u>\$ 470,332</u></u>

The Accompanying Notes are
an Integral Part of these Financial Statements

**MISSOURI NETWORK OF CHILD ADVOCACY CENTERS
D/B/A MISSOURI KIDSFIRST
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
Support and Revenue:		
Grants - federal, state, and local	\$ 963,843	\$ 868,595
Donations	7,463	57,551
Fees	50,679	86,290
Fundraising	34,728	32,924
Interest income	9	12
Other income	2,693	225
Total Support and Revenue	\$ 1,059,415	\$ 1,045,597
Expenses:		
Program Services		
Client Services	\$ 950,638	\$ 858,178
Supporting Services		
Administration	131,400	107,413
Fundraising	13,433	26,991
Total Expenses	\$ 1,095,471	\$ 992,582
Change in Net Assets	\$ (36,056)	\$ 53,015
Net Assets, Beginning of Year	147,898	94,883
Net Assets, End of Year	\$ 111,842	\$ 147,898

The Accompanying Notes are
an Integral Part of these Financial Statements

**MISSOURI NETWORK OF CHILD ADVOCACY CENTERS
D/B/A MISSOURI KIDSFIRST
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016				2015			
	Program Services	Supporting Services	Fundraising	Total	Program Services	Supporting Services	Fundraising	Total
Salaries	\$ 226,662	\$ 58,080	\$ 1,086	\$ 285,828	\$ 162,633	\$ 62,400	\$ -	\$ 225,033
Employee benefits	46,713	11,970	225	58,908	38,964	7,992	2,997	49,953
Contract labor	563,978	-	-	563,978	528,113	-	-	528,113
Professional fees	-	27,354	-	27,354	16,439	12,917	-	29,356
Printing & publications	9,219	-	-	9,219	7,047	-	-	7,047
Bank fees	-	527	-	527	340	-	341	681
Rent	-	14,400	-	14,400	-	14,400	-	14,400
License and permits	204	91	-	295	19	58	-	77
Supplies	-	5,722	-	5,722	3,667	427	171	4,265
Postage	-	357	-	357	484	483	-	967
Travel	22,008	1,101	-	23,109	26,327	537	-	26,864
Dues and memberships	3,225	614	-	3,839	3,313	212	-	3,525
Education and staff training	70,978	360	-	71,338	66,989	-	-	66,989
Insurance	-	2,136	-	2,136	43	2,084	-	2,127
Repairs and maintenance	35	-	-	35	-	80	-	80
Miscellaneous	-	219	-	219	-	1,964	-	1,964
Advertising	2,881	1,903	12,122	16,906	-	-	15,896	15,896
Utilities	1,856	5,701	-	7,557	-	-	7,294	7,294
Bad debts	-	-	-	-	-	3,079	-	3,079
Depreciation and amortization	2,879	865	-	3,744	3,800	780	292	4,872
Total Expenses	\$ 950,638	\$ 131,400	\$ 13,433	\$ 1,095,471	\$ 858,178	\$ 107,413	\$ 26,991	\$ 992,582

The Accompanying Notes are an Integral Part of these Financial Statements

**MISSOURI NETWORK OF CHILD ADVOCACY CENTERS
D/B/A MISSOURI KIDSFIRST
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (36,056)	\$ 53,015
Adjustments to reconcile Change in Net Assets to net Cash Provided by Operating Activities:		
Depreciation	\$ 3,743	\$ 4,872
Change in assets and liabilities		
Decrease (increase) in grant funds receivable	(156,885)	(32,852)
Decrease (increase) in accounts receivable	8,010	32,806
Decrease (increase) in prepaid expenses	(1,573)	-
Increase/(decrease) in accounts payable	173,394	(30,051)
Increase/(decrease) in deferred revenue	(75,409)	145,408
Increase/(decrease) in accrued expenses	<u>272</u>	<u>69</u>
Total Adjustments	\$ (48,448)	\$ 120,252
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (84,504)</u>	<u>\$ 173,267</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ (4,128)	\$ (8,105)
Portfolio reinvestments and purchases	<u>(8)</u>	<u>(12)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>\$ (4,136)</u>	<u>\$ (8,117)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ -</u>
Net Increase (Decrease in Cash)	\$ (88,640)	\$ 165,150
Cash, Beginning of Year	<u>249,528</u>	<u>84,378</u>
Cash, End of Year	<u><u>\$ 160,888</u></u>	<u><u>\$ 249,528</u></u>

The Accompanying Notes are
an Integral Part of these Financial Statements

MISSOURI NETWORK OF CHILD ADVOCACY CENTERS
D/B/A MISSOURI KIDSFIRST
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Organization

Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst (the Center) was established as a statewide network of individuals, programs, and organizations committed to protecting Missouri's children by improving the response to child victims and ending the cycle of abuse in Missouri communities. The goal of the organization is preventing, intervening, and treating child abuse and neglect to improve the quality of life for Missouri's children. Funding for the Center is provided under various state and federal grants and contracts and various donations from the community.

B. Financial Statement Presentation

Financial statement presentation is in accordance with FASB Accounting Standards Codification (ASC) 958-2058 and subsections. Under ASC 958-205, the Center is required to report information regarding its financial position and activities according to three classes of net assets – unrestricted, temporarily, and permanently restricted. The Center is also required to present a statement of cash flows.

All expenses are reported in the unrestricted net asset class. As restrictions are met, reclassifications are made to move net assets from the temporarily restricted class to the unrestricted class so that expenditures may be made within that asset class, as required by accounting principles generally accepted in the United States of America.

C. Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MISSOURI NETWORK OF CHILD ADVOCACY CENTERS
D/B/A MISSOURI KIDSFIRST
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fixed Assets and Depreciation

The Organization follows the practice of capitalizing all expenses for land, buildings, and equipment in excess of \$1,000 and having a useful life over one year. Donated assets are capitalized at fair value and purchased assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets on the double-declining. Furniture, fixtures and equipment have an estimated useful life of 5 to 7 years.

F. Advertising

Costs for advertising are expensed as incurred.

G. Donated Materials and Services

Donated materials and services are stated at fair value and are recorded as contributions if certain conditions are met. An offsetting expense is recorded to reflect the nature of the related expense.

H. Income Tax

The Center is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Center is also exempt from state income taxes. Currently, the Center has no obligation for unrelated business income tax, and accordingly, no provision for income taxes has been accrued.

The Center's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after filing.

MISSOURI NETWORK OF CHILD ADVOCACY CENTER
D/B/A MISSOURI KIDSFIRST
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Contributions and Other Support

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

J. Bad Debts

Bad Debts are charged-off using the direct write-off method whereby individual accounts are charged to expense after it becomes apparent that an account is uncollectible. Substantially all accounts receivable are from governmental sources and management does not consider an allowance for doubtful accounts necessary.

K. Cash Equivalents

The Center considers all investments with an original maturity of three months or less to be cash equivalents for the purpose of the statement of cash flows.

L. 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 functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

M. Deferred revenue

Income from grants, membership dues, and evaluations are deferred and recognized over the periods to which they relate.

MISSOURI NETWORK OF CHILD ADVOCACY CENTER
D/B/A MISSOURI KIDSFIRST
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences

Personal time off (PTO) is considered an expense in the year paid. Such amounts unused that are vested in the employee are payable upon termination at the employee's hourly rate.

NOTE 2: CASH AND OTHER DEPOSITS

Cash, savings, and certificates of deposit held by the Center are stated at fair value. Cash and the certificate of deposit consists of accounts held at a local bank.

The Center's deposits were fully insured by FDIC insurance as of December 31, 2016 and 2015.

NOTE 3: COMPENSATED ABSENCES

A liability for compensated absences consists of personal time off (PTO) earned by the Center's personnel. The policy allows personnel to earn varying rates of PTO per year based on length of service with the Center. A maximum of 160 hours may be carried from one calendar year to the next. Upon termination, individuals are compensated at their hourly rate for all accumulated PTO, up to a maximum of 160 hours. At December 31, 2016 and 2015, the maximum liability was \$15,286 and \$17,029, respectively.

NOTE 4: LEASE

The Center has an operating lease for office space. The lease term expires February 29, 2018 and the monthly rent expense is \$1,200. Total lease expense for the years ended December 31, 2016 and 2015 totaled \$14,400 and \$14,400, respectively. The future minimum lease payments are as follows:

December 31,	
2017	\$14,400
2018	<u>2,400</u>
Total	<u>\$16,800</u>

MISSOURI NETWORK OF CHILD ADVOCACY CENTER
D/B/A MISSOURI KIDSFIRST
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 5: SIGNIFICANT CONCENTRATIONS

The Center receives a large percentage of its funding from grants made available to the Center through the federal and state governments. Should those funds not be available at some future time, the impact upon the Center would be substantial.

NOTE 6: SUBSEQUENT EVENTS, COMMITMENTS AND CONTINGENCIES

The preparation of financial statements in conformity with generally accepted accounting principles requires a review of subsequent events which could result in disclosure of events materially impacting these financial statements. Subsequent events have been evaluated through August 17, 2017, the date the financial statements were issued.

The Center has received federal and state awards for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future awards for disallowed expenditures or other noncompliance with the terms of the awards.

The Center does not believe there are any material uncertain tax positions and accordingly, no tax liability has been recorded.