

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

JEFFERSON CITY, MISSOURI

AUDITED FINANCIAL STATEMENTS

**For the Years Ended
December 31, 2017 and 2016**

MISSOURI NETWORK OF
CHILD ADVOCACY CENTERS

JEFFERSON CITY, MISSOURI

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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, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

K. Coe Isom, LLP

K. Coe Isom, LLP
Columbia, Missouri
September 27, 2018

**MISSOURI NETWORK OF CHILD ADVOCACY CENTERS
D/B/A MISSOURI KIDSFIRST
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	<u>ASSETS</u>	
	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash	\$ 77,878	\$ 160,888
Certificate of Deposit	23,516	23,483
Grant funds receivable	199,681	336,655
Other receivables	14,927	5,915
Prepaid Expenses	201	1,573
	<hr/>	<hr/>
Total current assets	\$ 316,203	\$ 528,514
	<hr/>	<hr/>
Fixed Assets:		
Furniture and equipment	\$ 20,096	\$ 20,096
Less: Accumulated depreciation	(17,554)	(16,078)
	<hr/>	<hr/>
Net fixed assets	\$ 2,542	\$ 4,018
	<hr/>	<hr/>
TOTAL ASSETS	\$ 318,745	\$ 532,532
	<hr/> <hr/>	<hr/> <hr/>
	<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:		
Accounts payable	\$ 100,689	\$ 276,392
Accrued payroll tax	-	848
Deferred revenue	144,267	143,450
	<hr/>	<hr/>
Total current liabilities	\$ 244,956	\$ 420,690
	<hr/>	<hr/>
Net Assets:		
Unrestricted net assets	\$ 73,789	\$ 111,842
	<hr/>	<hr/>
TOTAL NET ASSETS	\$ 73,789	\$ 111,842
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 318,745	\$ 532,532
	<hr/> <hr/>	<hr/> <hr/>

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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Support and Revenue:		
Grants - federal, state, and local	\$ 898,423	\$ 963,843
Donations	3,418	7,463
Fees	73,766	50,679
Fundraising	29,042	34,728
Interest income	118	9
Other income	<u>6,634</u>	<u>2,693</u>
 Total Support and Revenue	 <u>\$ 1,011,401</u>	 <u>\$ 1,059,415</u>
 Expenses:		
Program Services		
Client Services	\$ 861,137	\$ 950,638
Supporting Services		
Administration	160,861	131,400
Fundraising	<u>27,456</u>	<u>13,433</u>
 Total Expenses	 <u>\$ 1,049,454</u>	 <u>\$ 1,095,471</u>
 Change in Net Assets	 \$ (38,053)	 \$ (36,056)
 Net Assets, Beginning of Year	 <u>111,842</u>	 <u>147,898</u>
 Net Assets, End of Year	 <u><u>\$ 73,789</u></u>	 <u><u>\$ 111,842</u></u>

The Accompanying Notes are
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**MISSOURI NETWORK OF CHILD ADVOCACY CENTERS
D/B/A MISSOURI KIDSFIRST
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017				2016			
	Program Services	Supporting Services	Fundraising	Total	Program Services	Supporting Services	Fundraising	Total
Salaries	\$ 183,246	\$ 69,798	\$ 16,445	\$ 269,489	\$ 226,662	\$ 58,080	\$ 1,086.00	\$ 285,828
Employee benefits	73,296	27,369	6,578	107,243	46,713	11,970	225	58,908
Contract labor	469,734	-	-	469,734	563,978	-	-	563,978
Professional fees	10,148	26,345	-	36,493	-	27,354	-	27,354
Printing & publications	5,643	590	54	6,287	9,219	-	-	9,219
Bank fees	-	978	-	978	-	527	-	527
Rent	-	14,400	-	14,400	-	14,400	-	14,400
License and permits	143	56	-	199	204	91	-	295
Supplies	2,946	3,082	3,521	9,549	-	5,722	-	5,722
Postage	315	222	24	561	-	357	-	357
Travel	19,592	327	45	19,964	22,008	1,101	-	23,109
Dues and memberships	3,225	220	-	3,445	3,225	614	-	3,839
Education and staff training	88,809	552	15	89,376	70,978	360	-	71,338
Insurance	-	2,214	-	2,214	-	2,136	-	2,136
Repairs and maintenance	-	-	-	-	35	-	-	35
Miscellaneous	-	444	-	444	-	219	-	219
Advertising	2,544	1,624	762	4,930	2,881	1,903	12,122	16,906
Utilities	1,496	7,824	12	9,332	1,856	5,701	-	7,557
Lobbying	-	3,340	-	3,340	-	-	-	-
Deprecation and amortization	-	1,476	-	1,476	2,879	865	-	3,744
Total Expenses	\$ 861,137	\$ 160,861	\$ 27,456	\$ 1,049,454	\$ 950,638	\$ 131,400	\$ 13,433	\$ 1,095,471

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, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (38,053)	\$ (36,056)
Adjustments to reconcile Change in Net Assets to net Cash Provided by Operating Activities:		
Depreciation and Amortization	\$ 1,476	\$ 3,743
Change in assets and liabilities		
Decrease (increase) in grant funds receivable	136,974	(156,885)
Decrease (increase) in accounts receivable	(9,012)	8,010
Decrease (increase) in prepaid expenses	1,372	(1,573)
Increase/(decrease) in accounts payable	(175,703)	173,394
Increase/(decrease) in deferred revenue	817	(75,409)
Increase/(decrease) in accrued expenses	<u>(848)</u>	<u>272</u>
 Total Adjustments	 <u>\$ (44,924)</u>	 <u>\$ (48,448)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ (82,977)</u>	 <u>\$ (84,504)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	\$ -	\$ (4,128)
Portfolio reinvestments and purchases	<u>(33)</u>	<u>(8)</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 <u>\$ (33)</u>	 <u>\$ (4,136)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	 <u>\$ -</u>	 <u>\$ -</u>
 Net Increase (Decrease in Cash	 \$ (83,010)	 \$ (88,640)
 Cash, Beginning of Year	 <u>160,888</u>	 <u>249,528</u>
 Cash, End of Year	 <u><u>\$ 77,878</u></u>	 <u><u>\$ 160,888</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, 2017 and 2016

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, 2017 and 2016

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 2014, 2015, and 2016 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, 2017 and 2016

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, 2017 and 2016

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, 2017 and 2016.

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, 2017 and 2016, the maximum liability was \$11,769 and \$15,286, respectively.

NOTE 4: LEASE

The Center has an operating lease for office space. The lease term expired February 2018 and the monthly rent expense is \$1,200. Total lease expense for the years ended December 31, 2017 and 2016 totaled \$14,400 and \$14,400, respectively. The future minimum lease payments are as follows:

December 31,

2018	<u>\$ 2,400</u>
Total	<u>\$ 2,400</u>

MISSOURI NETWORK OF CHILD ADVOCACY CENTER
D/B/A MISSOURI KIDSFIRST
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

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 September 27, 2018, 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.