

**NORTHERN KENTUCKY CHILDREN'S  
ADVOCACY CENTER, INC.**

**FINANCIAL STATEMENTS**

For the Year Ended  
June 30, 2018

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Northern Kentucky Children's Advocacy Center, Inc.  
Florence, KY

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Northern Kentucky Children's Advocacy Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, 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.

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p 859-331-1717 | f 859-331-4356

1881 Dixie Highway, Suite 200 | Fort Wright, KY 41011

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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 the Northern Kentucky Children's Advocacy Center, Inc. as of June 30, 2018, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2018, on our consideration of Northern Kentucky Children's Advocacy Center, Inc.'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 solely 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 the effectiveness of Northern Kentucky Children's Advocacy Center, Inc.'s 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 Northern Kentucky Children's Advocacy Center, Inc.'s internal control over financial reporting and compliance.

**Rudler, PSC**

Fort Wright, Kentucky  
December 6, 2018

**NORTHERN KENTUCKY CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2018

	<b>2018</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 1,235,365	\$ 11,294	\$ 1,246,659
Accounts receivable	104,239	0	104,239
Prepaid expenses	14,129	0	14,129
	1,353,733	11,294	1,365,027
<b>Total Current Assets</b>	<b>1,353,733</b>	<b>11,294</b>	<b>1,365,027</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>1,906,499</b>	<b>0</b>	<b>1,906,499</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,260,232</b>	<b>\$ 11,294</b>	<b>\$ 3,271,526</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Credit card payable	\$ 569	\$ 0	\$ 569
Accrued expenses	19,062	0	19,062
Accounts payable	3,291	0	3,291
	22,922	0	22,922
<b>Total Current Liabilities</b>	<b>22,922</b>	<b>0</b>	<b>22,922</b>
<b>Total Liabilities</b>	<b>22,922</b>	<b>0</b>	<b>22,922</b>
<b>NET ASSETS</b>	<b>3,237,310</b>	<b>11,294</b>	<b>3,248,604</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,260,232</b>	<b>\$ 11,294</b>	<b>\$ 3,271,526</b>

The accompanying notes are an integral part of these financial statements.

**NORTHERN KENTUCKY CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2018

	2018		
	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 56,242	\$ 0	\$ 56,242
Grants	584,130	0	584,130
Fundraising income	111,704	0	111,704
Program service fees	5,335	0	5,335
Interest and dividends	7,022	0	7,022
Total Support and Revenue	764,433	0	764,433
<b>EXPENSES</b>			
Program services	559,779	0	559,779
Supporting services			
Management and general	103,325	0	103,325
Fund-raising	48,280	0	48,280
Total Expenses	711,384	0	711,384
<b>CHANGE IN NET ASSETS</b>	53,049	0	53,049
<b>NET ASSETS AT BEGINNING OF YEAR</b>	3,184,261	11,294	3,195,555
<b>NET ASSETS AT END OF YEAR</b>	\$ 3,237,310	\$ 11,294	\$ 3,248,604

The accompanying notes are an integral part of these financial statements.

**NORTHERN KENTUCKY CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2018

	<b>2018</b>			
	<u><b>Program Expenses</b></u>	<u><b>Management and General</b></u>	<u><b>Fund-raising</b></u>	<u><b>Total</b></u>
Salaries & wages	\$ 313,409	\$ 61,960	\$ 18,984	\$ 394,353
Payroll taxes	24,332	5,070	1,500	30,902
Employee benefits	64,400	6,244	2,791	73,435
Payroll expenses	1,195	211	0	1,406
Bank service charges	1,094	0	0	1,094
Depreciation	50,651	8,939	0	59,590
Equipment rental & maintenance	27,337	4,824	0	32,161
Fund-raising expense	0	0	25,005	25,005
Insurance	11,812	2,317	0	14,129
Miscellaneous	5,469	965	0	6,434
Occupancy	23,698	4,182	0	27,880
Postage and shipping	1,019	180	0	1,199
Printing	4,169	736	0	4,905
Professional fees	13,969	4,657	0	18,626
Supplies	7,304	1,289	0	8,593
Travel & training	9,921	1,751	0	11,672
	<u>9,921</u>	<u>1,751</u>	<u>0</u>	<u>11,672</u>
 Total	 <u>\$ 559,779</u>	 <u>\$ 103,325</u>	 <u>\$ 48,280</u>	 <u>\$ 711,384</u>

The accompanying notes are an integral part of these financial statements.

**NORTHERN KENTUCKY CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended June 30, 2018

	<b>June 30, 2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 53,049
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	59,590
Decrease (increase) in operating assets	
Prepaid expenses	(14,129)
Accounts receivable	(64,249)
Increase (decrease) in operating liabilities	
Accounts payable	2,292
Credit card payable	(1,063)
Accrued expenses	7,573
<b>Net Cash From Operating Activities</b>	<b>43,063</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	(22,246)
<b>Net Cash From Investing Activities</b>	<b>(22,246)</b>
<b>NET INCREASE IN CASH</b>	20,817
<b>CASH, BEGINNING OF YEAR</b>	1,225,842
<b>CASH, END OF YEAR</b>	\$ 1,246,659

The accompanying notes are an integral part of these financial statements.



**NORTHERN KENTUCKY CHILDREN'S ADVOCACY CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Northern Kentucky Children's Advocacy Center, Inc. ("NKYCAC") is presented to assist in understanding NKYCAC's financial statements. The financial statements are representations of the NKYCAC's management, which is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Nature of Organization**

Northern Kentucky Children's Advocacy Center, Inc. ("NKYCAC") is a Kentucky not-for-profit 501(c)(3) corporation established for the purpose of providing a coordinated response to concerns of child abuse in a child-focused environment, offering prevention, evaluation and treatment to children and families.

**Basis of Presentation**

NKYCAC's financial statement presentation follows the requirements of Financial Accounting Standards. Under the provisions set forth therein, net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of NKYCAC pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by NKYCAC. Generally, the donors of such assets permit NKYCAC to use all or part of the income earned on the assets.

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by donors.

**Donor-Restricted Gifts**

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a 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. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the accompanying financial statements.

**Government and Other Grants**

NKYCAC receives various grants from governmental agencies and certain organizations. The Organization recognizes income from these grants as revenue and support only to the extent that expenditures have been made for the purposes specified by the grant agreement.

**Reclassification**

Certain amounts in the current year financial statements have been reclassified from the prior year presentation.

**NORTHERN KENTUCKY CHILDREN'S ADVOCACY CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Property and equipment are stated at cost or, if donated, at fair market value at date of donation. Maintenance and repairs are charged to operations when incurred. Significant betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. NKYCAC capitalizes all new property items costing in excess of \$1,000.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets which are generally as follows:

Buildings and Improvements	15-39 Years
Furniture, Fixtures and Equipment	3-7 Years

**Employee Benefit Plan**

NKYCAC has a Simple IRA plan for the benefit of substantially all of its employees. NKYCAC provides a match of up to 3% of employee contributions.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**In-Kind Donations**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**NOTE 2 - CASH AND CASH FLOW INFORMATION**

**Cash and Cash Equivalents**

For purposes of the cash flows statement, NKYCAC considers all highly liquid investments available for current use with an initial maturity of three months or less to be a cash equivalent.

At various times throughout the year, NKYCAC may have cash in financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to \$250,000 for each business depositor through June 30, 2018. At June 30, 2018 NKYCAC 's cash was within the FDIC coverage.

**NOTE 3 - PROPERTY AND EQUIPMENT**

At June 30, 2018 property and equipment consisted of the following:

	<b>2018</b>
Building and Improvements	\$ 1,623,304
Furniture, Fixtures and Equipment	62,492
Land	314,173
	<u>1,999,969</u>
Less: Accumulated Depreciation	(93,470)
Total Property and Equipment	<u>\$ 1,906,499</u>

**NORTHERN KENTUCKY CHILDREN'S ADVOCACY CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018

**NOTE 4 - FEDERAL INCOME TAXES**

NKYCAC has been determined to be a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and, therefore, no provision for income taxes has been included in the accompanying financial statements for Organization operations.

NKYCAC has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. NKYCAC recognized no interest or penalties in the statement of activities for the year ended June 30, 2018. If the situation arose in which NKYCAC would have interest to recognize, it would recognize this as interest expense and penalties would be recognized in other expenses.

Based on the evaluation of NKYCAC's tax positions, management believes all positions taken would be upheld under an examination. Therefore no provision for the effects of uncertain tax positions has been recorded for the year ended June 30, 2018. Management also believes NKYCAC is no longer subject to income tax examinations for years prior to 2015. There are currently no audits for any tax periods in progress.

**NOTE 5 - NET ASSETS**

Net assets are classified as follows:

	<u>2018</u>
Unrestricted Net Assets	
Undesignated	\$ <u>3,237,310</u>
Total Temporarily Restricted Net Assets	\$ <u>11,294</u>

Temporarily restricted net assets are restricted for various purposes related to NKYCAC's mission.

**NOTE 6 - EMPLOYEE BENEFIT PLAN EXPENSES**

NKYCAC's contributions and expenses related to the Simple IRA plan for the year ended June 30, 2018 were \$3,781.

**NOTE 7 - NEW PRONOUNCEMENTS**

**Accounting Standards Update 2014-09, Revenue from Contracts with Customers**

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The core principle of ASU 2014-09 is to recognize revenues when a customer obtains control of a good or service, in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. The standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which deferred the effective date of ASU 2014-09 by one year. The updated standard will be effective for the year ending June 30, 2020. The Organization has not yet selected a transition method and is currently evaluating the effect that the new standard will have on its financial statements.

**NORTHERN KENTUCKY CHILDREN'S ADVOCACY CENTER, INC.**

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 2018

**NOTE 7 - NEW PRONOUNCEMENTS (Continued)**

**Accounting Standards Update 2016-02, Leases**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842): Amendments to the FASB Accounting Standards Codification, that changes how an organization classifies its leases, as well as the information it presents in the financial statements and notes about its leases. The ASU includes new liability and asset recognition requirements as the present value of all lease payments would be recognized as a liability and an asset would be recognized representing the "right-of-use" of the asset for the term of the lease. The ASU will be effective for the Organization for the year ending June 30, 2019. Early adoption is permitted. The Organization is currently evaluating the effect that the new standard will have on its financial statements.

**Accounting Standards Update 2016-14, Not-for-Profit Entities**

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities, that changes how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance, and cash flows. The ASU includes a reduction in the number of net asset categories from three to two, conforming requirements on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expenses), and new required disclosures communicating information useful in assessing liquidity. The ASU will be effective for the Organization for the year ending June 30, 2019. Early adoption is permitted. The Organization is currently evaluating the effect that the new standard will have on its financial statements.

**NOTE 8 - SUBSEQUENT EVENTS**

NKYCAC has evaluated all subsequent events, through December 6, 2018, the date on which the financial statements were available for issue.



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

To the Board of Directors of  
Northern Kentucky Children's Advocacy Center, Inc.  
Florence, Kentucky

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 Northern Kentucky Children's Advocacy Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 6, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northern Kentucky Children's Advocacy Center, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern Kentucky Children's Advocacy Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Kentucky Children's Advocacy Center, Inc.'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.

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p 859-331-1717 | f 859-331-4356

1881 Dixie Highway, Suite 200 | Fort Wright, KY 41011

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Northern Kentucky Children's Advocacy Center, Inc.'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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Rudler, PSC**

Fort Wright, Kentucky  
December 6, 2018