

RAY OF HOPE
ADVOCACY CENTER, INC.
Financial Statements and
Independent Auditor's Report
For the Year Ended December 31, 2017
(With Comparative Totals as of December 31, 2016)

RAY OF HOPE ADVOCACY CENTER, INC.

INDEX

	<u>Page</u>
Independent Auditor's Report	
Statement of Financial Position	1
Statement of Activities	2
Statement of Functional Expenses	3
Statement of Cash Flows.....	4
Notes to Financial Statements.....	5-12
Schedule of Expenditures of Federal and State Awards	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14-15



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ray of Hope Advocacy Center, Inc.
Bartlesville, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of *Ray of Hope Advocacy Center, Inc.* (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 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 of 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 *Ray of Hope Advocacy Center, Inc.* as of December 31, 2017, 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 Matters

Other 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 and state awards is presented for purposes of additional analysis and is not a required part of the financial statements. 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 October 17, 2018, on our consideration of *Ray of Hope 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 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

Page 3

over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *Ray of Hope Advocacy Center, Inc.*'s internal control over financial reporting and compliance.

Stotts, Archambo, Mueggenborg & Barclay, PC

Stotts, Archambo, Mueggenborg & Barclay, PC
Certified Public Accountants

October 17, 2018

RAY OF HOPE ADVOCACY CENTER, INC.

Statement of Financial Position

December 31, 2017

(With Comparative Totals as of December 31, 2016)

ASSETS

	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents	\$ 947,848	306,786
Investments	-	3,022
Accounts receivable	24,765	34,863
Total current assets	<u>972,613</u>	<u>344,671</u>
Fixed Assets:		
Equipment, furniture, building and land	674,504	656,354
Less: accumulated depreciation	<u>(105,845)</u>	<u>(97,841)</u>
Total fixed assets	<u>568,659</u>	<u>558,513</u>
Total Assets	<u>\$ 1,541,272</u>	<u>903,184</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 15,273	16,961
Total liabilities	<u>15,273</u>	<u>16,961</u>
Net Assets:		
Unrestricted - unappropriated	829,116	731,678
Unrestricted - Board designated	556	1,438
Temporarily restricted	696,327	153,107
Total net assets	<u>1,525,999</u>	<u>886,223</u>
Total Liabilities and Net Assets	<u>\$ 1,541,272</u>	<u>903,184</u>

See accompanying notes to the financial statements.

RAY OF HOPE ADVOCACY CENTER, INC.

Statement of Activities

For the Year Ended December 31, 2017

(With Comparative Totals as of December 31, 2016)

			Totals	
	Unrestricted	Temporarily Restricted	2017	2016 (Memo)
Support:				
National Children's Alliance grant	\$ -	-	-	9,000
Victims of Crime Act (VOCA) grant	-	69,566	69,566	34,017
Child Abuse Multidisciplinary Account (CAMA)	-	84,948	84,948	84,782
Nowata County MDT (CAMA)	-	14,065	14,065	12,478
Contributions	69,540	568,870	638,410	177,351
Contributions - In-kind	-	-	-	338,180
Fundraisers	83,981	-	83,981	86,197
Total support	153,521	737,449	890,970	742,005
Revenue:				
Interest income	2,117	-	2,117	592
Other income	2,128	-	2,128	2,431
Total revenue	4,245	-	4,245	3,023
Net assets released from restrictions:				
Expiration of time restrictions	194,229	(194,229)	-	-
Total net assets released from restrictions	194,229	(194,229)	-	-
Total Support and Revenue	351,995	543,220	895,215	745,028
EXPENSES:				
Program services:				
National Children's Alliance	-	-	-	9,000
Child Abuse Multidisciplinary	70,191	-	70,191	86,347
Child Abuse Multidisciplinary - Nowata Co. MDT	22,783	-	22,783	16,159
Victims of Crime Act	69,566	-	69,566	34,017
Program Services-non grant funded	41,324	-	41,324	46,518
Total program services	203,864	-	203,864	192,041
Support services:				
General and administrative	25,388	-	25,388	39,777
Fundraising	26,187	-	26,187	29,766
Total support services	51,575	-	51,575	69,543
Total Expenses	255,439	-	255,439	261,584
Change in net assets	96,556	543,220	639,776	483,444
Net assets, beginning of the year	733,116	153,107	886,223	402,779
Net assets, end of the year	\$ 829,672	696,327	1,525,999	886,223

See accompanying notes to the financial statements.

RAY OF HOPE ADVOCACY CENTER, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2017
(With Comparative Totals as of December 31, 2016)

						<u>SUPPORT SERVICES</u>		<u>Total</u> <u>2017</u>	<u>(Memo)</u> <u>2016</u>
	<u>ROH</u>	<u>Nowata</u>	<u>Nowata Co.</u>	<u>Victims of</u>	<u>Non-Grant</u>	<u>General</u>	<u>Fundraising</u>		
	<u>CAMA</u>	<u>Co. CAMA</u>	<u>CAMA 2016</u>	<u>Crime Act</u>	<u>Funded</u>				
<u>2017</u>	<u>2017</u>	<u>Carryover</u>	<u>VOCA</u>	<u>Program</u>	<u>Admin</u>	<u>Services</u>			
Accounting & auditing	\$ -	-	-	-	-	7,240	-	7,240	6,905
Contract services	-	4,500	-	-	-	-	-	4,500	9,029
Insurance	7,000	-	-	-	-	2,049	798	9,847	13,694
Loss in FMV investments	-	-	-	-	-	(87)	-	(87)	46
Meals and entertainment	-	-	-	-	-	-	9,366	9,366	10,048
Personnel	49,207	-	-	69,566	18,771	2,682	-	140,226	133,027
Postage and printing	515	-	-	-	-	279	845	1,639	1,585
Professional dues	-	-	-	-	-	3,500	-	3,500	5,443
Promotion	-	-	-	-	-	-	7,417	7,417	18,164
Rent	-	-	-	-	-	-	2,942	2,942	4,220
Facilities Maintenance	-	-	-	-	-	8,290	-	8,290	2,563
Sales Tax	-	-	-	-	-	-	-	-	196
Security	-	-	-	-	-	72	300	372	180
Supplies/equipment	4,754	2,929	274	-	2,284	318	3,793	14,352	15,330
Special victim services	-	-	-	-	8,919	-	-	8,919	1,216
Training	-	2,698	2,001	-	540	-	-	5,239	2,816
Travel	615	3,938	6,443	-	2,536	-	-	13,532	15,517
Utilities	8,100	-	-	-	1,070	-	-	9,170	9,880
Miscellaneous	-	-	-	-	-	245	726	971	3,179
	<u>70,191</u>	<u>14,065</u>	<u>8,718</u>	<u>69,566</u>	<u>34,120</u>	<u>24,587</u>	<u>26,187</u>	<u>247,435</u>	<u>253,038</u>
Depreciation	-	-	-	-	7,204	800	-	8,004	8,546
Total functional expenses	\$ <u>70,191</u>	<u>14,065</u>	<u>8,718</u>	<u>69,566</u>	<u>41,324</u>	<u>25,388</u>	<u>26,187</u>	<u>255,439</u>	<u>261,584</u>

See accompanying notes to the financial statements.

RAY OF HOPE ADVOCACY CENTER, INC.

Statement of Cash Flows

For the Year Ended December 31, 2017

(With Comparative Totals as of December 31, 2016)

CASH FLOWS FROM OPERATING ACTIVITIES:

	<u>2017</u>	<u>2016</u>
Change in net assets	\$ 639,776	483,444
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,004	8,546
Church building - contributions in-kind	-	(330,812)
Decrease (increase) in operating assets:		
Investments	3,022	(3,022)
Accounts receivable	10,098	(32,113)
Increase (decrease) in operating liabilities:		
Accounts payable	<u>(1,688)</u>	<u>12,325</u>
Net cash provided by operating activities	<u>659,212</u>	<u>138,368</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capital assets	<u>(18,150)</u>	<u>(10,975)</u>
Net cash used for investing activities	<u>(18,150)</u>	<u>(10,975)</u>
Net increase in cash and cash equivalents	641,062	127,393
Cash and cash equivalents, beginning of the year	<u>306,786</u>	<u>179,393</u>
Cash and cash equivalents, end of the year	<u><u>\$ 947,848</u></u>	<u><u>306,786</u></u>

See accompanying notes to the financial statements.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2017

Note 1 - Summary of Significant Accounting Policies

- A. Purpose - *Ray of Hope Advocacy Center, Inc.* (RHAC) was incorporated in August 2003 under the laws of the State of Oklahoma in order to minimize the trauma to child victims during the investigation and prosecution of abuse cases, and to improve the system's response to child abuse and neglect by uniting the efforts of public agencies and enlisting community support.

Ray of Hope Advocacy Center, Inc. has contracted with the *Nowata County Multidisciplinary Team (Nowata County MDT)* to jointly provide services to the children and families of Nowata County, Oklahoma. *Ray of Hope Advocacy Center, Inc.* has financial oversight and management for the *Nowata County MDT*.

- B. Financial Statement Presentation - *Ray of Hope Advocacy Center, Inc.* has adopted *FASB ASC 958-205, Not-For-Profit Entities – Presentation of Financial Statements*, and is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, *RHAC* is required to present a statement of cash flows.
- C. Contributions - *Ray of Hope Advocacy Center, Inc.* also adopted *FASB ASC 958-605, Not-For-Profit Entities - Revenue Recognition*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.
- D. Promises to Give - Contributions are recognized when the donor makes a promise to give to the *Organization* that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2017

(continued)

Note 1 - Summary of Significant Accounting Policies (continued)

- E. Property and Equipment - Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the *Organization* reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The *Organization* reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives. The *Organization*'s capitalization threshold is \$500.
- F. Contributed Services - During the years ended December 31, 2017 and 2016, the value of contributed services meeting the requirements for recognition in the financial statements was immaterial and not recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the *Organization*, but do not meet the requirement for recognition in the financial statements. The estimated fair value of volunteer hours not requiring recognition in the financial statements for the years ending December 31, 2017 and 2016 has not been determined, but is considered to be substantial.
- G. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2017

(continued)

Note 2 - Income Taxes

Ray of Hope Advocacy Center, Inc. is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

FASB ASC 740-10-50-15, Income Taxes, provides that a tax benefit may be recognized when it is more likely than not that the position will be sustained upon examination by the IRS. *Ray of Hope Advocacy Center, Inc.* has concluded that as of December 31, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements. *Ray of Hope Advocacy Center, Inc.* is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. *Ray of Hope Advocacy Center, Inc.* believes it is no longer subject to income tax examinations for years prior to December 31, 2014.

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets are those that will be available for use in periods after the fiscal year end. Temporarily restricted net assets at December 31, 2017 and 2016 consisted of \$696,327 and \$153,107, contributions for renovation of a donated building, respectively.

Note 4 - Grants and Contracts: Financial Assistance

The *Organization* has been awarded grants to provide services for a Children's Advocacy Center organization in the community and to support the Child Abuse Multidisciplinary Team. The grants are considered to be exchange transactions rather than unconditional promises to give. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grants for the year ended December 31, 2017 and 2016 were as follows:

<u>Ray of Hope</u>	<u>2017</u>	<u>2016</u>
National Children's Alliance	\$ <u> -</u>	<u> 9,000</u>
Oklahoma Department of Human Services Child Abuse Multidisciplinary Account	\$ <u> 84,948</u>	<u> 84,782</u>
Oklahoma District Attorneys Council Victims of Crime Act (VOCA)	\$ <u> 69,566</u>	<u> 31,017</u>
<u>Nowata County MDT</u>		
Oklahoma Department of Human Services Child Abuse Multidisciplinary Account	\$ <u> 21,237</u>	<u> 21,196</u>

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2017

(continued)

Note 5 - Cash and Cash Equivalents

The *Organization* considers all highly liquid debt instruments, with a maturity date of three months or less to be cash or cash equivalents. During the years ended December 31, 2017 and 2016, deposit balances exceeded insured coverage by \$685,201 and \$42,742, respectively. At December 31, 2017 and 2016, cash or cash equivalents are as follows:

	<u>2017</u>	<u>2016</u>
Non-interest bearing account, Truity Credit Union	\$ 60,933	90,373
Interest bearing account, Truity Credit Union	883,646	215,700
Interest bearing account, Arvest Asset Management	3,072	-
Ray of Hope cash and cash equivalents	<u>947,651</u>	<u>306,073</u>
Non-interest bearing account, Truity Credit Union	172	688
Interest bearing account, Truity Credit Union	25	25
Nowata County MDT cash and cash equivalents	<u>197</u>	<u>713</u>
Total cash and cash equivalents	<u>\$ 947,848</u>	<u>306,786</u>

Note 6 - Economic Dependence

The *Organization* receives a significant amount of its funding from the State of Oklahoma Department of Human Services, the District Attorney's Council, and the National Children's Alliance. Should the *Organization* lose this funding, it would severely limit the *Organization*'s ability to operate its programs, and alternative means of support would have to be developed. For the years ended December 31, 2017 and 2016, *Ray of Hope* received 50% and 53% of its funding from these sources, respectively. For the years ended December 31, 2017 and 2016, *Nowata County MDT* received 100% of its funding from these sources.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2017

(continued)

Note 7 - Property and Equipment

	<u>Assets</u>			<u>Accumulated Depreciation</u>			<u>Net Book Value</u>
	<u>Balance 12/31/2016</u>	<u>Additions (net of disposals)</u>	<u>Balance 12/31/2017</u>	<u>Balance 12/31/2016</u>	<u>Current Provisions (net of disposals)</u>	<u>Balance 12/31/2017</u>	
<u>Assets recorded at cost:</u>							
Equipment	\$ 48,680	-	48,680	45,110	1,139	46,249	2,431
Building improvements	153,440	-	153,440	29,672	3,935	33,607	119,833
Church Building CIP	10,975	18,150	29,125	-	-	-	29,125
Total, at cost	<u>213,095</u>	<u>18,150</u>	<u>231,245</u>	<u>74,782</u>	<u>5,074</u>	<u>79,856</u>	<u>151,389</u>
<u>Donated at fair market value:</u>							
Furniture & equipment	1,734	-	1,734	1,734	-	1,734	-
Building and garage	100,000	-	100,000	19,337	2,564	21,901	78,099
Church Building CIP	298,312	-	298,312	-	-	-	298,312
Land	40,500	-	40,500	-	-	-	40,500
Total, at fair market value	<u>440,546</u>	<u>-</u>	<u>440,546</u>	<u>21,071</u>	<u>2,564</u>	<u>23,635</u>	<u>416,911</u>
Ray of Hope totals	<u>653,641</u>	<u>18,150</u>	<u>671,791</u>	<u>95,853</u>	<u>7,638</u>	<u>103,491</u>	<u>568,300</u>
<u>Nowata Co. MDT Assets recorded at cost:</u>							
Equipment	2,713	-	2,713	1,988	366	2,354	359
Nowata Co. MDT total, at cost	<u>2,713</u>	<u>-</u>	<u>2,713</u>	<u>1,988</u>	<u>366</u>	<u>2,354</u>	<u>359</u>
Ray of Hope and Nowata Co. MDT totals	<u>\$ 656,354</u>	<u>18,150</u>	<u>674,504</u>	<u>97,841</u>	<u>8,004</u>	<u>105,845</u>	<u>568,659</u>

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2017

(continued)

Note 7 - Property and Equipment (continued)

The Grace Epworth United Methodist Church building was donated to the *Organization* on January 13, 2016 after the approval of both the District Superintendent of the Methodist Church and the congregation of East Cross United Methodist Church, who owned the building. The fair market value of the donated building and land was \$292,500, and \$32,500, respectively. The building required extensive renovation in order to be put into service for the *Organization*. A construction contract for the renovation was finalized during 2017 and the project was completed in 2018.

Note 8 - Reconciliation of Statement of Functional Expenses with Child Alliance Multidisciplinary Account (CAMA) Budget (cash basis) and CAMA Carryover Funds

Total CAMA Award for 2017	\$ 84,948
2016 CAMA Award carryover	-
Less CAMA 2017 expenses per statement of functional expenses	<u>(70,191)</u>
Total carryover funds at December 31, 2017	<u>\$ 14,757</u>

Reconciliation of Statement of Functional Expenses with Child Alliance Multidisciplinary Account (CAMA) Budget (cash basis) and CAMA Carryover Funds - Nowata County MDT

Total CAMA Award for 2017	\$ 21,237
2016 CAMA Award carryover	8,718
Less 2016 CAMA carryover expended in 2017	(8,718)
Less CAMA expenses per statement of functional expenses	<u>(14,065)</u>
Total carryover funds at December 31, 2017	<u>\$ 7,172</u>

Total CAMA expenses per the statement of functional expenses (prior to depreciation) for fiscal year 2017 were \$14,757 less than the total CAMA Award for fiscal year 2017. This amount will be carried forward to the next fiscal year and must be used by the end of it. This amount is intended to be used by the *Ray of Hope Advocacy Center* for CAMA award expenses, but had not been received as of December 31, 2017, and is not included in net assets.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2017

(continued)

Note 8 - Reconciliation of Statement of Functional Expenses with Child Alliance Multidisciplinary Account (CAMA) Budget (cash basis) and CAMA Carryover Funds (continued)

Total CAMA *Nowata County MDT* expenses per the statement of functional expenses (prior to depreciation) for fiscal year 2017 were \$7,172 less than the total CAMA Award for fiscal year 2017. This amount will be carried forward to the next fiscal year and must be used by the end of it. This amount is intended to be used by the *Nowata County MDT* for CAMA award expenses, but had not been received as of December 31, 2017, and is not included in net assets.

Note 9 - Investments

Investments at December 31, 2016 consisted of 100 shares of donated stock. At the time of donation (December 27, 2016), the fair market value was \$3,068. At December 31, 2016, the fair market value was \$3,022, resulting in an unrealized loss of \$46. The stock was subsequently sold on February 8, 2017 and the proceeds were placed in a cash sweep account with Arvest Wealth Management. The balance at December 31, 2017 was \$3,072.

Note 10 - Accounts Receivable

Accounts receivable at December 31, 2016 consisted of pledges receivable in the amount of \$13,750 and grants receivable in the amount of \$17,613, all of which was received by May 2017. Accounts receivable at December 31, 2017 consisted of pledges receivable in the amount of \$18,925 and grants receivable in the amount of \$5,840, all of which was received by March 2018. Grants receivable represents the amount of grant-related expenditures for which the *Organization* had not been reimbursed by the grantor agency as of December 31, 2017 and 2016, respectively.

Note 11 - Retirement Plan

Ray of Hope Advocacy Center, Inc. adopted a 401(k) profit sharing retirement plan for eligible employees effective January 1, 2017. Effective March 1, 2017, the *Organization* began contributing a safe harbor match up to 3% of plan compensation plus 50% of the amount not to exceed 5% of plan compensation. The *Organization* contributed \$3,756 for the year ended December 31, 2017.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2017

(continued)

Note 12 - Subsequent Events

Management has evaluated and disclosed subsequent events up to and including October 17, 2018, which is the date the financial statements were available for issuance.

In January 2018, the *Organization* received the 2017 CAMA grant of \$83,902.

In June 2018, the *Organization* sold their former building for \$85,000.

In July 2018, the construction renovation was completed and the *Organization* moved into the building.

RAY OF HOPE ADVOCACY CENTER, INC.
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2017

Federal Awards	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
U.S. Department of Justice Office of Juvenile Justice and Delinquency Prevention Passed through State of Oklahoma District Attorneys Council, Victims Division Victims of Crime Act	16.758	2017-273	\$ <u>69,566</u>
Total federal awards			<u>69,566</u>
State Awards			
Oklahoma Department of Human Services: CAMA 2017	N/A	PA#15015091	70,191
On behalf of Nowata County MDT Oklahoma Commission on Children and Youth: CAMA 2017	N/A	PO#1279001925	14,065
On behalf of Nowata County MDT Oklahoma Commission on Children and Youth: CAMA 2016	N/A	PO#1279001925	<u>8,718</u>
Total state awards			<u>92,974</u>
Total awards			\$ <u><u>162,540</u></u>

See accompanying notes to the financial statements.



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John Whipple, CPA

**Independent Auditor's 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 *Ray of Hope Advocacy Center, Inc.*

We have audited, 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, the financial statements of *Ray of Hope Advocacy Center, Inc.* (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, 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 October 17, 2018.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Ray of Hope 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 the 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.

Stotts, Archambo, Mueggenborg & Barclay, PC

Stotts, Archambo, Mueggenborg & Barclay, Inc.
Certified Public Accountants

October 17, 2018