

RAY OF HOPE
ADVOCACY CENTER, INC.
Financial Statements and
Independent Auditor's Report
For the Year Ended December 31, 2018
(With Comparative Totals as of December 31, 2017)

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.....	5-13
Schedule of Expenditures of Federal and State Awards	14
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>	15-16



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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, 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.

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, 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 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 November 8, 2019, 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

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.

Report on Summarized Comparative Information

We have previously audited *Ray of Hope Advocacy Center, Inc.*'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived before the adjustments to adopt *ASU 2016-14*. As part of our audit of the 2018 financial statements, we also audited the adjustments described in Note 2(G) that were applied to adopt *ASU 2016-14* retrospectively in the 2017 financial statements. In our opinion, such adjustments are appropriate and have been properly applied.

Stotts, Archambo, Mueggenborg & Barclay, PC

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

November 8, 2019

RAY OF HOPE ADVOCACY CENTER, INC.

Statement of Financial Position

December 31, 2018

(With Comparative Financial Information as of December 31, 2017)

ASSETS

	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$ 426,894	947,848
Accounts receivable	6,015	24,765
Total current assets	<u>432,909</u>	<u>972,613</u>
<u>Fixed Assets</u>		
Equipment, furniture, building and land	1,063,567	674,504
Less: accumulated depreciation	<u>(70,100)</u>	<u>(105,845)</u>
Total fixed assets	<u>993,467</u>	<u>568,659</u>
Total Assets	<u><u>1,426,376</u></u>	<u><u>1,541,272</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	6,117	15,273
Total liabilities	<u>6,117</u>	<u>15,273</u>

Net Assets

Without donor restrictions

Undesignated	1,320,259	829,672
Board-designated capital maintenance reserve	100,000	-
Total net assets without donor restrictions	<u>1,420,259</u>	<u>829,672</u>

With donor restrictions

Purpose restricted	-	696,327
Total net assets	<u>1,420,259</u>	<u>1,525,999</u>

Total Liabilities and Net Assets	\$ <u><u>1,426,376</u></u>	<u><u>1,541,272</u></u>
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See accompanying notes to the financial statements.

RAY OF HOPE ADVOCACY CENTER, INC.

Statement of Activities

For the Year Ended December 31, 2018

(With Summarized Comparative Financial Information for the Year Ended December 31, 2017)

			<u>Totals</u>	
	<u>Without Donor</u>	<u>With Donor</u>	<u>2018</u>	<u>2017</u>
	<u>Restrictions</u>	<u>Restrictions</u>		<u>(Memo)</u>
<u>Support</u>				
Victims of Crime Act (VOCA) grant	\$ -	69,376	69,376	69,566
Child Abuse Multidisciplinary Account (CAMA)	-	83,902	83,902	84,948
Nowata County MDT (CAMA)	-	18,011	18,011	14,065
Contributions	44,114	10,038	54,152	638,410
Fundraisers	75,625	-	75,625	83,981
Total support	<u>119,739</u>	<u>181,327</u>	<u>301,066</u>	<u>890,970</u>
<u>Revenue</u>				
Interest income	5,485	-	5,485	2,117
Other income	873	-	873	2,128
Total revenue	<u>6,358</u>	<u>-</u>	<u>6,358</u>	<u>4,245</u>
<u>Net assets released from restrictions</u>				
Net assets released from restrictions	<u>877,654</u>	<u>(877,654)</u>	<u>-</u>	<u>-</u>
Total net assets released from restrictions	<u>877,654</u>	<u>(877,654)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,003,751</u>	<u>(696,327)</u>	<u>307,424</u>	<u>895,215</u>
<u>EXPENSES</u>				
<u>Program services</u>				
Child Abuse Multidisciplinary	76,283	-	76,283	70,191
Child Abuse Multidisciplinary - Nowata Co. MDT	16,628	-	16,628	22,783
Victims of Crime Act	69,376	-	69,376	69,566
Program Services-non grant funded	69,080	-	69,080	41,324
Total program services	<u>231,367</u>	<u>-</u>	<u>231,367</u>	<u>203,864</u>
<u>Support services</u>				
General and administrative	29,809	-	29,809	25,388
Fundraising	34,034	-	34,034	26,187
Total support services	<u>63,843</u>	<u>-</u>	<u>63,843</u>	<u>51,575</u>
<u>Nonoperating activities</u>				
Loss on sale of building	<u>117,954</u>	<u>-</u>	<u>117,954</u>	<u>-</u>
Total Expenses	<u>413,164</u>	<u>-</u>	<u>413,164</u>	<u>255,439</u>
Change in net assets	590,587	(696,327)	(105,740)	639,776
Net assets, beginning of the year	<u>829,672</u>	<u>696,327</u>	<u>1,525,999</u>	<u>886,223</u>
Net assets, end of the year	<u>\$ 1,420,259</u>	<u>-</u>	<u>1,420,259</u>	<u>1,525,999</u>

See accompanying notes to the financial statements.

RAY OF HOPE ADVOCACY CENTER, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2018

(With Summarized Comparative Financial Information for the Year Ended December 31, 2017)

	PROGRAM SERVICES					SUPPORTING SERVICES			Total 2018	(Memo) 2017
	ROH CAMA 2018	ROH CAMA 2017 Carryover	Nowata Co. CAMA 2018	Nowata Co. CAMA 2017 Carryover	Victims of Crime Act VOCA	Non-Grant Funded Program Services	Management and General	Fundraising		
Accounting & auditing	-	-	-	-	-	-	7,276	-	7,276	7,240
Contract services	-	-	4,500	4,500	-	-	-	-	9,000	4,500
Insurance	7,000	-	-	-	-	-	4,183	798	11,981	9,847
Loss (gain) in FMV investments	-	-	-	-	-	-	59	-	59	(87)
Meals and entertainment	-	-	-	-	-	-	634	9,158	9,792	9,366
Personnel	49,207	293	-	-	69,376	23,656	3,059	-	145,591	140,226
Postage and printing	-	300	-	-	-	-	711	-	1,011	1,639
Professional dues	-	-	-	-	-	-	3,900	-	3,900	3,500
Promotion	-	-	-	-	-	-	-	16,362	16,362	7,417
Rent	-	-	-	-	-	-	-	2,942	2,942	2,942
Facilities Maintenance	-	-	-	-	-	9,765	3,255	-	13,020	8,290
Security	-	-	-	-	-	-	240	145	385	372
Supplies/equipment	3,709	5,593	274	308	-	10,230	3,410	4,629	28,153	14,352
Special victim services	-	-	-	-	-	-	-	-	-	8,919
Training	-	-	1,898	302	-	1,518	-	-	3,718	5,239
Travel	-	2,081	2,657	2,062	-	2,781	-	-	9,581	13,532
Utilities	8,100	-	-	-	-	663	-	-	8,763	9,170
Miscellaneous	-	-	127	-	-	-	808	-	935	971
	68,016	8,267	9,456	7,172	69,376	48,613	27,535	34,034	272,469	247,435
Depreciation	-	-	-	-	-	20,467	2,274	-	22,741	8,004
Total functional expenses	68,016	8,267	9,456	7,172	69,376	69,080	29,809	34,034	295,210	255,439

See accompanying notes to the financial statements.

RAY OF HOPE ADVOCACY CENTER, INC.

Statement of Cash Flows

For the Year Ended December 31, 2018

(With Summarized Comparative Financial Information for the Year Ended December 31, 2017)

CASH FLOWS FROM OPERATING ACTIVITIES:

	<u>2018</u>	<u>2017</u>
Change in net assets	\$ (105,740)	639,776
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on sale of building	117,954	-
Depreciation	22,741	8,004
Decrease (increase) in operating assets:		
Investments	-	3,022
Accounts receivable	18,750	10,098
Increase (decrease) in operating liabilities:		
Accounts payable	<u>(9,156)</u>	<u>(1,688)</u>
Net cash provided by operating activities	<u>44,549</u>	<u>659,212</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of capital assets	(650,503)	(18,150)
Proceeds from sale of building	<u>85,000</u>	<u>-</u>
Net cash used for investing activities	<u>(565,503)</u>	<u>(18,150)</u>
Net (decrease) increase in cash and cash equivalents	(520,954)	641,062
Cash and cash equivalents, beginning of the year	<u>947,848</u>	<u>306,786</u>
Cash and cash equivalents, end of the year	<u><u>\$ 426,894</u></u>	<u><u>947,848</u></u>

See accompanying notes to the financial statements.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2018

(With Summarized Comparative Financial Information as of and for the Year Ended December 31, 2017)

Note 1 - Organization and Purpose

Ray of Hope Advocacy Center, Inc. (the “*Organization*”) 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*.

Note 2 - Summary of Significant Accounting Policies

- A. **Basis of Presentation** – The financial statements of the *Organization* have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the *Organization* to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the *Organization*’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the *Organization* or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds to be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2018

(With Summarized Comparative Financial Information as of and for the Year Ended December 31, 2017)

Note 2 - Summary of Significant Accounting Policies (continued)

- B. **Contributions** – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contributions is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

- C. **Functional Expenses** – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefitted. Such allocations are determined by management on an equitable basis.
- D. **Property and Equipment, net** – Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from five to thirty-nine years. The *Organization*'s policy is to capitalize renewals or betterments acquired for greater than \$500 and expense normal repairs and maintenance as incurred. The *Organization*'s management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2018

(With Summarized Comparative Financial Information as of and for the Year Ended December 31, 2017)

(continued)

Note 2 - Summary of Significant Accounting Policies (continued)

- E. Contributed Services - During the years ended December 31, 2018 and 2017, 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, 2018 and 2017 has not been determined, but is considered to be substantial.
- F. Use of Estimates - The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those results.
- G. New Accounting Pronouncements – On August 18, 2016, FASB issued *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses. The *Organization* has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.
- H. Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 3 - 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, 2018, 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, 2015.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2018

(With Summarized Comparative Financial Information as of and for the Year Ended December 31, 2017)

(continued)

Note 4 - Grants and Contracts: Financial Assistance

The *Organization* has been awarded grants 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, 2018 and 2017 were as follows:

<u>Ray of Hope</u>	<u>2018</u>	<u>2017</u>
Oklahoma Department of Human Services Child Abuse Multidisciplinary Account	\$ <u>83,902</u>	<u>84,948</u>
Oklahoma District Attorneys Council Victims of Crime Act (VOCA)	\$ <u>69,376</u>	<u>69,566</u>
<u>Nowata County MDT</u>		
Oklahoma Department of Human Services Child Abuse Multidisciplinary Account	\$ <u>20,027</u>	<u>21,237</u>

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, 2018 and 2017, deposit balances exceeded insured coverage by \$422,763 and \$685,201, respectively. At December 31, 2018 and 2017, cash or cash equivalents are as follows:

	<u>2018</u>	<u>2017</u>
Non-interest bearing account, Truity Credit Union	\$ 62,855	60,933
Interest bearing account, Truity Credit Union	355,444	883,646
Interest bearing account, Arvest Asset Management	<u>3,013</u>	<u>3,072</u>
Ray of Hope cash and cash equivalents	<u>421,312</u>	<u>947,651</u>
Non-interest bearing account, Truity Credit Union	5,557	172
Interest bearing account, Truity Credit Union	<u>25</u>	<u>25</u>
Nowata County MDT cash and cash equivalents	<u>5,582</u>	<u>197</u>
Total cash and cash equivalents	\$ <u>426,894</u>	<u>947,848</u>

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2018

(With Summarized Comparative Financial Information as of and for the Year Ended December 31, 2017)

(continued)

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, 2018 and 2017, *Ray of Hope* received 58% and 50% of its funding from these sources, respectively. For the years ended December 31, 2018 and 2017, *Nowata County MDT* received 100% of its funding from these sources.

Note 7 - Accounts Receivable

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. Accounts receivable at December 31, 2018 consisted of grants receivable of \$6,015, all of which was received by January 2019. 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, 2018 and 2017, respectively.

Note 8 - 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 \$4,566 and \$3,756 for the years ended December 31, 2018 and 2017, respectively.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2018

(With Summarized Comparative Financial Information as of and for the Year Ended December 31, 2017)

(continued)

Note 9 - Property and Equipment

	<u>Assets</u>			<u>Accumulated Depreciation</u>			<u>Net Book Value</u>
	<u>Balance 12/31/2017</u>	<u>Additions (net of disposals)</u>	<u>Balance 12/31/2018</u>	<u>Balance 12/31/2017</u>	<u>Current Provisions (net of disposals)</u>	<u>Balance 12/31/2018</u>	
<u>Assets recorded at cost:</u>							
Furniture & equipment	\$ 48,680	43,696	92,376	46,249	5,544	51,793	40,583
Seneca building - building improvements	153,440	(153,440)	-	33,607	(33,607)	-	-
Third street building	-	635,932	635,932	-	9,512	9,512	626,420
Third street building - construction in progress	29,125	(29,125)	-	-	-	-	-
Total, at cost	<u>231,245</u>	<u>497,063</u>	<u>728,308</u>	<u>79,856</u>	<u>(18,551)</u>	<u>61,305</u>	<u>667,003</u>
<u>Donated at fair market value:</u>							
Furniture & equipment	1,734	-	1,734	1,734	-	1,734	-
Seneca building	100,000	(100,000)	-	21,901	(21,901)	-	-
Third street building	-	298,312	298,312	-	4,462	4,462	293,850
Third street building - construction in progress	298,312	(298,312)	-	-	-	-	-
Land	40,500	(8,000)	32,500	-	-	-	32,500
Total, at fair market value	<u>440,546</u>	<u>(108,000)</u>	<u>332,546</u>	<u>23,635</u>	<u>(17,439)</u>	<u>6,196</u>	<u>326,350</u>
Ray of Hope totals	<u>671,791</u>	<u>389,063</u>	<u>1,060,854</u>	<u>103,491</u>	<u>(35,990)</u>	<u>67,501</u>	<u>993,353</u>
<u>Nowata Co. MDT Assets recorded at cost:</u>							
Equipment	2,713	-	2,713	2,354	245	2,599	114
Nowata Co. MDT total, at cost	<u>2,713</u>	<u>-</u>	<u>2,713</u>	<u>2,354</u>	<u>245</u>	<u>2,599</u>	<u>114</u>
Ray of Hope and Nowata Co. MDT totals	<u>\$ 674,504</u>	<u>389,063</u>	<u>1,063,567</u>	<u>105,845</u>	<u>(35,745)</u>	<u>70,100</u>	<u>993,467</u>

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2018

(With Summarized Comparative Financial Information as of and for the Year Ended December 31, 2017)

(continued)

Note 9 - 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 10 - Reconciliation of Statement of Functional Expenses with Child Abuse Multidisciplinary Account (CAMA) Budget (cash basis) and CAMA Carryover Funds

Total CAMA Award for 2018	\$ 83,902
2017 CAMA Award carryover	14,757
Less CAMA 2017 carryover expended in 2018	(14,757)
Less CAMA 2018 expenses per statement of functional expenses	<u>(76,283)</u>
Total carryover funds at December 31, 2018	\$ <u><u>7,619</u></u>

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

Total CAMA Award for 2018	\$ 20,027
2017 CAMA Award carryover	7,172
Less 2017 CAMA carryover expended in 2018	(7,172)
Less CAMA 2018 expenses per statement of functional expenses	<u>(9,456)</u>
Total carryover funds at December 31, 2018	\$ <u><u>10,571</u></u>

Total CAMA expenses per the statement of functional expenses (prior to depreciation) for fiscal year 2018 were \$7,619 less than the total CAMA Award for fiscal year 2018. 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, 2018, and is not included in net assets.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2018

(With Summarized Comparative Financial Information as of and for the Year Ended December 31, 2017)
(continued)

Note 10 - Reconciliation of Statement of Functional Expenses with Child Abuse 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 2018 were \$10,571 less than the total CAMA Award for fiscal year 2018. 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, 2018, and is not included in net assets.

Note 11 - Liquidity and Availability of Financial Assets

The following reflects the *Organization*'s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2018</u>	<u>2017</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 426,894	947,848
Accounts receivable	6,015	24,765
Total financial assets	<u>432,909</u>	<u>972,613</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	-	(696,327)
Board-designated capital maintenance reserve	<u>(100,000)</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 332,909</u>	<u>276,286</u>

The *Organization*'s goal is generally to maintain financial assets to meet 180 days of operating expenses (approximately \$250,000). As part of its liquidity plan, excess cash is invested in money market accounts.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to Financial Statements

December 31, 2018

(With Summarized Comparative Financial Information as of and for the Year Ended December 31, 2017)

(continued)

Note 12 - Subsequent Events

Management has evaluated and disclosed subsequent events up to and including November 8, 2019, which is the date the financial statements were available for issuance.

In January 2019, the *Organization* received the 2019 CAMA grant of \$82,188.

In August 2019, the *Organization* became certified by the Oklahoma Attorney General to provide domestic violence, sexual assault and stalking services to residents of Washington, Osage, and Nowata Counties. These services are in addition to the services that the *Organization* currently provides for children. The *Organization* has entered into agreements that could result in up to approximately \$300,000 of additional annual funding to support these new services.

RAY OF HOPE ADVOCACY CENTER, INC.
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2018

<u>Federal Awards</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal/State Expenditures</u>
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	2018-220	\$ <u>69,376</u>
Total federal awards			<u>69,376</u>
<u>State Awards</u>			
Oklahoma Department of Human Services: CAMA 2018	N/A	PA#15015091	68,016
Oklahoma Department of Human Services: CAMA 2017	N/A	PA#15015091	8,267
On behalf of Nowata County MDT Oklahoma Commission on Children and Youth: CAMA 2018	N/A	PO#1279001925	9,456
On behalf of Nowata County MDT Oklahoma Commission on Children and Youth: CAMA 2017	N/A	PO#1279001925	<u>7,172</u>
Total state awards			<u>92,911</u>
Total federal and state awards			\$ <u><u>162,287</u></u>

See accompanying notes to the financial statements.



STOTTS • ARCHAMBO
MUEGGENBORG & BARCLAY_{PC}

Certified Public Accountants

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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, 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, and have issued our report thereon dated November 8, 2019.

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

November 8, 2019