

**FAMILY RESOURCE AND YOUTH SERVICES
COALITION OF KENTUCKY, INC.**

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2017

PREPARED BY
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Family Resource and Youth Services Coalition of Kentucky, Inc.

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Vickie C. Richardson, CPA, PSC

*114 East High Street
Mount Sterling, KY 40353*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Family Resource and Youth Services
Coalition of Kentucky, Inc.

I have audited the accompanying financial statements of Family Resource and Youth Services Coalition of Kentucky, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Resource and Youth Services Coalition of Kentucky, Inc. as of June 30, 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.

Vicko C. Richardson, CPA, PSC

May 3, 2018

Family Resource and Youth Services Coalition of Kentucky, Inc.

Statement of Financial Position

June 30, 2017

ASSETS

Current Assets	
Cash in Bank	\$ 37,603
Investments	26,530
Accounts Receivable	209
Prepaid expenses	<u>8,925</u>
Total Current Assets	<u>73,267</u>
Property and Equipment	
Equipment	975
Software	6,500
Accumulated Depreciation	<u>(7,475)</u>
Net Property and Equipment	<u>0</u>
Total Assets	<u><u>\$ 73,267</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 320
Deferred Revenue	<u>10,930</u>
Total Current Liabilities	<u>11,250</u>
Total Liabilities	<u>11,250</u>
Net Assets	
Unrestricted	62,017
Total Net Assets	<u>62,017</u>
Total Liabilities and Net Assets	<u><u>\$ 73,267</u></u>

Family Resource and Youth Services Coalition of Kentucky, Inc.

Statement of Activities
For the Year Ended June 30, 2017

Revenues	
Membership Dues	\$ 29,370
Program Development	15,403
Conference	139,320
Store and Merchandise	7,879
Interest Income	349
Investment Income	1,677
Micellaneous Income	<u>20</u>
Total Income	<u>194,018</u>
Expenses	
Conferences	155,359
Dues and Subscriptions	243
Insurance	2,509
Investment Fees	146
Management Fees	24,402
Meetings	2,764
Miscellaneous	814
Postage	1,113
Printing	2,034
Professional Fees	5,651
Scholarship	764
Supplies	1,181
Travel	26,818
Web Hosting	<u>1,360</u>
Total Operating Expenses	<u>225,158</u>
Change in Net Assets	(31,140)
Net Assets, Beginning of year	<u>93,160</u>
Net Assets, End of year	<u>\$ 62,020</u>

See accompanying notes.

Family Resource and Youth Services Coalition of Kentucky, Inc.

Statement of Cash Flows

For the year ended June 30, 2017

Cash flows from operating activities:

Change in net assets	\$ (31,140)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Net realized and unrealized (gain) on investments:	(1,509)
Investment fees	146
Decrease/(Increase) in current assets:	
Accounts receivable	1,853
Prepaid expenses	(8,925)
Increase/ (Decrease) in current liabilities:	
Accounts payable	320
Deferred revenue	<u>4,125</u>
Net cash used by operating activities	<u>(35,130)</u>
Cash flows from investing activities:	
Purchase of investments	<u>(25,167)</u>
Net cash used by investing activities	<u>(25,167)</u>
Decrease in cash	(60,297)
Cash, beginning of year	<u>97,900</u>
Cash, end of year	<u><u>\$ 37,603</u></u>

Family Resource and Youth Services Coalition of Kentucky, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Family Resource and Youth Services Coalition of Kentucky, Inc. (“The Organization”) is a not-for-profit organization established on June 1, 1992 to promote a network, including educators, family support practitioners and other human service providers who strive to remove educational barriers to learning, in order to learn from each other, share resources and collaborate more effectively on behalf of families, youth, and children. The Organization received approximately 72% of its revenue from conference fees and sponsorships.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Federal Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization 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. The Organization’s net assets are all unrestricted.

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.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks, including certificates of deposit.

Family Resource and Youth Services Coalition of Kentucky, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Investments

Investments are carried at fair market value. There are no realized gains or losses for the year ended June 30, 2017. Unrealized gains and losses are reported in the statement of activities.

Capital Assets

Expenditures for equipment are capitalized and depreciated over the useful lives using the straight line method. There were no capital leases in the year ended June 30, 2017.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable are recorded for the full amount due to the organization.

Accounts receivable at June 30, 2017 consist of conference registration and membership dues.

Uncollectible accounts are charged to bad debt expense when they are declared uncollectible. Management believes the results of this method approximate the allowance for doubtful accounts.

NOTE 3 – CHANGES IN FIXED ASSETS

Beginning balance	\$7,475
Additions	-0-
Disposals	<u>-0-</u>
Ending balance	<u>\$7,475</u>

Family Resource and Youth Services Coalition of Kentucky, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 4 – INVESTMENTS

The Organizations investments are as follows:

Cash and sweep balances	\$ 288
Mutual funds	<u>26,242</u>
	\$ 26,530

Investments income consist of:

Interest and dividend income	\$ 167
Net realized and unrealized on investments	<u>1,509</u>
	\$ 1,676

NOTE 5 – PREPAID EXPENSES

Expenses items that will benefit future periods are charged to the prepaid expense account. As of June 30, 2017, prepaid expenses included \$5,000 in Food & Beverages for 2018 Fall Institute, \$1,000 in Support Services for 2017 Fall Institute, and \$2,925 for Speakers fees for 2017 Fall Institute.

NOTE 6 – INCOME TAX STATUS

The Organization is exempt from taxation pursuant to the Internal Revenue Code Section 501 (c) (3).

The Organization's *Form 990, Return of Organization Exempt from Income Tax*, for the years of 2015, 2016, and 2017 are subject to examination by the IRS or other applicable tax jurisdictions.

NOTE 7 – DEFERRED REVENUE

Deferred revenue consists of prepayments of conference fees.

Family Resource and Youth Services Coalition of Kentucky, Inc.

Notes to the Financial Statements

For the Year Ended June 30, 2017

NOTE 8 – FAIR MARKET MEASUREMENTS

FASB Statement No. 157, *Fair Value Measurements*, as codified by Accounting Standards Codification (ASC) 820-10, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 2 or 3 inputs were used by the Organization.

Level 1 Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2017.

	Level 1	Level 2	Level 3	Total
Cash and sweep balances	\$ 288	-	-	\$ 288
Mutual funds	<u>26,242</u>	<u>-</u>	<u>-</u>	<u>26,242</u>
Total assets at fair value	\$ <u>26,530</u>	<u>-</u>	<u>-</u>	<u>\$ 26,530</u>

NOTE 9 – CONTRACTS

The Organization entered into annual service agreements, with Organizational Management and Planning, Inc. (OMP, Inc.), to provide the Organization with administrative management services and a separate agreement to provide conference and special event management services. The total amount of the administrative management contract was \$24,402. The total amount of the conference and special event management contract was \$25,650. The total amount paid to OMP, Inc. for these services for the year ended June 30, 2017 was \$50,052.

NOTE 10– SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 3, 2018, the date on which the financial statements were issued.

Family Resource and Youth Services Coalition of Kentucky, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2017

NOTE 10- SUBSEQUENT EVENTS- CONTINUED

The Organization has entered into contracts with hotels to host conferences through 2018. The contracts subject the Organization to certain room block attrition fees and food and beverage minimum fees should the meeting fail to attract the anticipated number of attendees. The contracts also contain cancellation fees, which vary based on the dates the cancellation notices are given. The Organization's estimated contractual commitments for future conferences as of May 3, 2018 totaled approximately \$138,592.