

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

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2018

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*

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**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, 2018, 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, 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.

*Vicki C. Richardson, CPA, PSC*

November 5, 2018

# Family Resource and Youth Services Coalition of Kentucky, Inc.

## Statement of Financial Position

June 30, 2018

### ASSETS

Current Assets	
Cash in Bank	\$ 26,382
Investments	28,399
Accounts Receivable	915
Prepaid expenses	<u>15,000</u>
Total Current Assets	<u>70,696</u>
Property and Equipment	
Software	6,500
Accumulated Depreciation	<u>(6,500)</u>
Net Property and Equipment	<u>0</u>
Total Assets	<u>\$ 70,696</u>

### LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 1
Deferred Revenue	<u>23,755</u>
Total Current Liabilities	<u>23,756</u>
Total Liabilities	<u>23,756</u>
Net Assets	
Unrestricted	46,940
Total Net Assets	<u>46,940</u>
Total Liabilities and Net Assets	<u>\$ 70,696</u>

**Family Resource and Youth Services Coalition of Kentucky, Inc.**

Statement of Activities

For the Year Ended June 30, 2018

Revenues	
Membership Dues	\$ 28,420
Program Development	5,527
Conference	147,698
Store and Merchandise	10,417
Investment Income	2,450
Micellaneous Income	<u>32</u>
Total Income	<u>194,544</u>
Expenses	
Conferences	136,536
Dues and Subscriptions	419
Insurance	2,453
Investment Fees	397
Management Fees	24,402
Meetings	8,569
Miscellaneous	2,591
Postage	1,941
Printing	1,243
Professional Fees	5,660
Scholarship	1,000
Supplies	890
Travel	21,860
Web Hosting	<u>1,660</u>
Total Operating Expenses	<u>209,621</u>
Change in Net Assets	(15,077)
Net Assets, Beginning of year	<u>62,017</u>
Net Assets, End of year	<u>\$ 46,940</u>

See accompanying notes.

**Family Resource and Youth Services Coalition of Kentucky, Inc.**

Statement of Cash Flows  
For the year ended June 30, 2018

Cash flows from operating activities:

Change in net assets \$ (15,077)

Adjustments to reconcile change in net assets to  
net cash used by operating activities:

Net realized and unrealized (gain) on investments: (2,266)

Investment fees 397

Decrease/(Increase) in current assets:

Accounts receivable (706)

Prepaid expenses (6,075)

Increase/ (Decrease) in current liabilities:

Accounts payable (319)

Deferred revenue 12,825

Net cash used by operating activities (11,221)

Decrease in cash (11,221)

Cash, beginning of year 37,603

Cash, end of year \$ 26,382

**Family Resource and Youth Services Coalition of Kentucky, Inc.**  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

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 76% 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, 2018

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, 2018. 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, 2018.

NOTE 2 – ACCOUNTS RECEIVABLE

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

Accounts receivable at June 30, 2018 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>975</u>
Ending balance	<u>\$6,500</u>

**Family Resource and Youth Services Coalition of Kentucky, Inc.**

Notes to the Financial Statements  
For the Year Ended June 30, 2018

NOTE 4 – INVESTMENTS

The Organizations investments are as follows:

Cash and sweep balances	\$ 14
Mutual funds	<u>28,385</u>
	\$ 28,399

Investments income consist of:

Interest and dividend income	\$ 184
Net realized and unrealized gains on investments	<u>2,266</u>
	\$ 2,450

NOTE 5 – PREPAID EXPENSES

Expenses items that will benefit future periods are charged to the prepaid expense account. As of June 30, 2018, prepaid expenses included \$15,000 in Food & Beverages for 2018 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 2016, 2017, and 2018 are subject to examination by the IRS or other applicable tax jurisdictions.

NOTE 7 – DEFERRED REVENUE

Deferred revenue consists of prepayments of conference fees and membership dues.

## Family Resource and Youth Services Coalition of Kentucky, Inc.

Notes to the Financial Statements  
For the Year Ended June 30, 2018

### 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018.

#### Recurring Fair Value Measurements

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and sweep balances	\$ 14	-	-	\$ 14
Mutual funds	<u>28,385</u>	<u>-</u>	<u>-</u>	<u>28,385</u>
Total assets at fair value	\$ <u>28,399</u>	<u>-</u>	<u>-</u>	<u>\$ 28,399</u>

The fair value option was chosen to measure the investments in order to mitigate volatility in reported changes in net assets.

### 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 term of the contracts was January 1, 2017 through December 31, 2017. The contracts were renewed for the 2018 calendar year for the same amounts. 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, 2018 was \$50,052.

**Family Resource and Youth Services Coalition of Kentucky, Inc.**

Notes to the Financial Statements  
For the Year Ended June 30, 2018

NOTE.10- SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 5, 2018, the date on which the financial statements were issued.

The Organization has entered into contracts with hotels to host conferences through 2019. 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 November 5, 2018 totaled approximately \$46,799.