

CAVERN CITY CHILD ADVOCACY CENTER

Audit Report
For the Year Ended June 30, 2017

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Clovis, New Mexico

Cavern City Child Advocacy Center
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June 30, 2017

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CAVERN CITY CHILD ADVOCACY CENTER
Official Roster
June 30, 2017

BOARD MEMBER

| | |
|----------------|----------------|
| Scott London | President |
| Edward Sanchez | Vice President |
| Rick Lopez | Treasurer |
| Stacy Compton | Secretary |
| Jim Grantner | Member |
| Jon Blackmon | Member |
| Mike Walker | Member |

ADIMINISTRATION

| | |
|-------------|----------|
| Zelma Lopez | Director |
|-------------|----------|

CAVERN CITY CHILD ADVOCACY CENTER
Statement of Financial Position
June 30, 2017

ASSETS

| | |
|--|------------|
| Current Assets: | |
| Cash on Hand and in Banks | \$ 52,241 |
| Due from City of Carlsbad | 4,500 |
| Due from CYFD - CAC Grant | 9,410 |
| Due from CYFD FIFAS | 1,250 |
| Due from United Way – Carlsbad & So. Eddy County | 17,044 |
| Due from Eddy County | 5,000 |
| Due from STOP VAWA | 5,472 |
| Due from NMCA | 2,910 |
| Prepaid Expenses | 16,656 |
| Total Current Assets | 114,483 |
| Fixed Assets: | |
| Furniture and Equipment | 39,263 |
| Less: accumulated depreciation | (15,370) |
| Net Fixed Assets | 23,894 |
| Other Assets: Rent Deposit | |
| | 600 |
| Total Assets | \$ 138,977 |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|------------|
| Current Liabilities: | |
| Payroll liabilities | 207 |
| Accounts Payable | - |
| Total Current Liabilities | 207 |
| Total Liabilities | |
| | 207 |
| Net Assets: | |
| Unrestricted | 138,770 |
| Total liabilities and net assets | \$ 138,977 |

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

CAVERN CITY CHILD ADVOCACY CENTER
Statement of Activities and Changes in Net Assets (Unrestricted)
For the Year Ended June 30, 2017

| | <u>Unrestricted</u> | <u>Total</u> |
|---------------------------------------|---------------------|------------------|
| Support and Revenues: | | |
| Grants and contracts | \$ 290,841 | \$ 290,841 |
| Contributions | 10,061 | 10,061 |
| Fundraising | 4,708 | 4,708 |
| Program Income | 375 | 375 |
| | <hr/> | <hr/> |
| Total Revenue | 305,985 | 305,985 |
| | <hr/> | <hr/> |
| Expenses: | | |
| Program services: | 232,782 | 232,782 |
| Management and general | 25,865 | 25,865 |
| | <hr/> | <hr/> |
| Total Expenses | 258,647 | 258,647 |
| | <hr/> | <hr/> |
| Change in Net Assets | 47,338 | 47,338 |
| | <hr/> | <hr/> |
| Net Assets - Beginning of Year | 90,249 | 90,249 |
| Prior Period Adjustment | 1,182 | 1,182 |
| Beginning of Year Net Assets restated | 91,431 | 91,431 |
| | <hr/> | <hr/> |
| Net Assets - End of Year | <u>\$138,770</u> | <u>\$138,770</u> |

The accompanying notes are an integral part of these financial statements

CAVERN CITY CHILD ADVOCACY CENTER
Statement of Functional Expenses
For the Year Ended June 30, 2017

| | <u>Program Services</u> | <u>Management and General</u> | <u>Totals</u> |
|---------------------------------|-----------------------------|-----------------------------------|----------------|
| FUNCTIONAL EXPENSES: | | | |
| Salaries and wages | 111,598 | 12,400 | 123,998 |
| Payroll taxes and benefits | 11,033 | 1,226 | 12,259 |
| Travel | 30,856 | 3,428 | 34,284 |
| Insurance | 5,814 | 646 | 6,460 |
| Telephone | 2,903 | 323 | 3,225 |
| Utilities | 5,598 | 622 | 6,220 |
| Supplies | 12,417 | 1,380 | 13,797 |
| Repairs | 1,931 | 215 | 2,146 |
| Postage | 247 | 27 | 275 |
| Professional fees | 5,688 | 632 | 6,320 |
| Dues, subscription and books | 747 | 83 | 830 |
| Contractual Services | 16,830 | 1,870 | 18,700 |
| Rent, Lease | 17,997 | 2,000 | 19,996 |
| Board and Volunteer development | 79 | 9 | 87 |
| Marketing & Info Materials | 402 | 45 | 447 |
| Property Tax | 156 | 17 | 173 |
| Miscellaneous | 1,418 | 158 | 1,576 |
| Depreciation | 7,067 | 785 | 7,853 |
| Total functional expenses | <u>232,782</u> | <u>25,865</u> | <u>258,647</u> |

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

CAVERN CITY CHILD ADVOCACY CENTER
Statement of Cash Flows
Year Ended June 30, 2017

| | |
|--|-----------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Increase (decrease) in net assets | \$ 47,338 |
| Adjustment to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 7,853 |
| Prior Period Adjustment | 1,182 |
| (Increase) decrease in operating assets | |
| Grants and contracts receivables | 102,776 |
| Prepaid Expenses | 15,806 |
| Increase (decrease) in operating liabilities | |
| Payroll liabilities | 201 |
| Accounts Payable | (4,000) |
| Line of Credit | (60,000) |
| Net cash provided in Operating Activities | 111,156 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Acquisition of fixed assets | (1,679) |
| Net cash used by investing activities | (1,679) |
| Net increase in cash and cash equivalents | 109,477 |
| Cash: | |
| Beginning of Year | (57,236) |
| End of Year | \$ 52,241 |

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

Cavern City Child Advocacy Center
Notes to Financial Statements
For the Year Ended June 30, 2017

1. Nature of Business and Significant Accounting Policies

A. Nature of Activities

Cavern City Child Advocacy Center (the Organization) operates a facility for the benefit of abused children. The program was established to provide a home environment in which child abuse victims of sexual abuse can be interviewed within a caring, sheltering and protecting atmosphere.

B. Basis of Accounting

The accompanying financial statements of Cavern City Child Advocacy Center have been prepared on the accrual basis of accounting, and in accordance with generally accepted accounting principles as promulgated by the American Institute of Certified Public accountants.

C. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables and other liabilities. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Cavern City Child Advocacy Center and changes therein are classified and reported as follows:

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

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Cavern City Child Advocacy Center and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they may be maintained permanently by Cavern City Child Advocacy Center. Generally, the donors of these assets permit Cavern City Child Advocacy Center to use all or part of the income earned on any related investments for general or specific purposes.

Cavern City Child Advocacy Center
Notes to Financial Statements (cont.)
For the Year Ended June 30, 2017

1. Nature of Business and Significant Accounting Policies (cont.)

D. Contributions

In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restriction. The Organization had no permanently restricted net assets at June 30, 2017.

E. Donated Furniture and Equipment

Donations of property and equipment are recorded as support at their estimated fair value if there is an objective, measurable basis for determining fair value. Such donations are reported as unrestricted support unless the donor places a restriction on the donated assets for a specific purpose. The Organization has adopted a policy of not implying a time restriction on donated long-lived assets and will record such donations as unrestricted net assets. Furniture, fixtures and equipment are depreciated using the straight-line method.

F. Income Tax Status

The Cavern City Child Advocacy Center has been classified as an exempt organization under the Internal Revenue Code Section 501(c) (3), and therefore, is not subject to federal income taxes.

G. Estimates

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

H. Property and Equipment

It is the Organizations policy to capitalize property and equipment over \$500.00. Lesser amounts are expensed. Property and equipment are valued at historical cost and donated assets, if any, are valued at their estimated fair market value on the date donated. Depreciation is computed on the straight-line basis over the estimated useful lives of five to twenty five years.

Cavern City Child Advocacy Center
Notes to Financial Statements (continued)
For the Year Ended June 30, 2017

I. Cash & Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

H. Uncertain Tax Positions

On January 1, 2009, the Organization adopted the "uncertain tax positions" provisions of accounting principles generally accepted in the United State of America. The primary tax position of the Organization is its filing status as a tax exempt entity. The Organization determined that it is more likely than not that their tax positions will be sustained upon examination by the Internal Revenue Service (IRS), or other State taxing authority and that all tax benefits are likely to be realized upon settlement with taxing authorities.

The Organization files a 990-EZ Short Form Return of Organization Exempt From Income Tax in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal and state income tax examinations by federal taxing authorities.

The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. There were no penalties or interest recognized during the year ended June 30, 2017.

2. Retirement – IRA

The organization offers salaried (half, three quarters, and full time) employees and IRA benefit equal to three percent of their salary. IRA benefits may be made directly to the employee's IRA company of choice or to the employee with the intention that the employee will apply the full amount to an IRA plan of their choice. IRA payments are to made quarterly on the last day of the following months: March, June, September, and December.

Cavern City Child Advocacy Center
Notes to Financial Statements (continued)
For the Year Ended June 30, 2017

3 Concentration of Credit Risk

CAC maintains one bank account at an institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at this institution did not exceed federally insured limits. The amounts in the bank at June 30, 2017 were under the FDIC limit.

4. Subsequent Events

The Organization has evaluated subsequent events through November 15, 2017, the date which the financial statements were available to be issued

5. Prior Period Adjustment

\$1,182 represents an amount received from Eddy County subsequent to closing the financial statements in prior year.

JOHN J. SCHONBERGER, JR.
Certified Public Accountant

Member of the American Institute
And Texas Society of
Certified Public Accountants

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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*

Board of Directors
Cavern City Child Advocacy Center.
Clovis, NM 88101

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 Cavern City Child Advocacy Center (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, and have issued our report thereon dated November 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cavern City Child Advocacy Center's internal control over financial reporting (internal control) to determine the auditing 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 The Cavern City Child Advocacy Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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

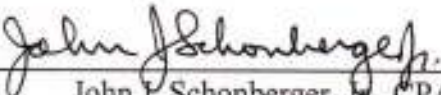
material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cavern City Child Advocacy Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


John J. Schonberger, Jr., CPA

Clovis, New Mexico
November 15, 2017

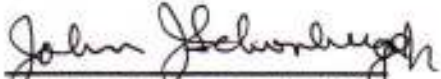
Cavern City Child Advocacy Center
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

PRIOR AUDIT FINDINGS

None.

CURRENT AUDIT FINDINGS

None.


John J. Schonberger, Jr., CPA

November 15, 2017
Clovis, New Mexico

JOHN J. SCHONBERGER, JR.
Certified Public Accountant

Member of the American
Institute of Certified
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November 15, 2017

To the Board of Directors
Cavern City Child Advocacy Center

We have audited the financial statements of Cavern City Child Advocacy Center for the year ended June 30, 2017 issued our report thereon dated November 15, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*(if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 15, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting polices. The significant accounting polices used by Cavern City Child Advocacy Center are described in Note 2 to the financial statements. No new accounting polices were adopted and the application of existing polices was not changed during 2016. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was depreciation.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 15, 2017.

Management Consultations with Other Independent Accountants

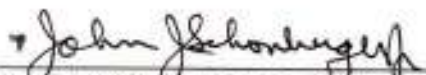
In some cases, management may decide to consult with other accountants about auditing accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Cavern City Child Advocacy Center and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John J. Schonberger, Jr., CPA