

Missouri Network of Child Advocacy Centers  
d/b/a Missouri KidsFirst  
December 31, 2022 and 2021  
Financial Statements

Prepared by:  
Erin L. Palmer, CPA, LLC  
Certified Public Accountant  
Columbia, MO

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# Erin L. Palmer, C.P.A., LLC

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of MISSOURI KIDSFIRST

### Opinion

We have audited the accompanying financial statements of MISSOURI KIDSFIRST (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MISSOURI KIDSFIRST as of December 31, 2022 and 2021, 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.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MISSOURI KIDSFIRST and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MISSOURI KIDSFIRST's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 MISSOURI KIDSFIRST's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

# Erin L. Palmer, C.P.A., LLC

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MISSOURI KIDSFIRST's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Erin L. Palmer, CPA

Columbia, MO

August 18, 2023

Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst  
 Statements of Financial Position  
 December 31, 2022 and 2021

	Assets	
	2022	2021
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 198,096	\$ 236,252
Certificate of Deposit	23,621	23,621
Investments	212,513	-
Grant Funds Receivable	244,763	234,952
<b>Total Current Assets</b>	678,993	494,825
<b>Property and Equipment</b>		
Furniture and Equipment	34,896	34,896
Less: Accumulated Depreciation	(25,201)	(22,307)
<b>Net Property and Equipment</b>	9,695	12,589
<b>Other Assets</b>		
Cash Restricted for Stewards of Children	1,250	-
Amortization	1,354	1,354
Less: Accumulated Amortization	(1,354)	(1,354)
<b>Net Amortization</b>	-	-
<b>Total Other Assets</b>	1,250	-
 <b>Total Assets</b>	 \$ 689,938	 \$ 507,414
	Liabilities and Net Assets	
<b>Current Liabilities</b>		
Accounts Payable	\$ 146,925	\$ 19,574
Accrued Expenses	17,438	14,712
<b>Total Liabilities</b>	164,363	34,286
<b>Net Assets</b>		
Net Assets without Donor Restrictions	525,575	473,128
<b>Total Liabilities and Net Assets</b>	\$ 689,938	\$ 507,414

The accompanying notes are an integral part of these financial statements

Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst  
 Statements of Activities  
 For the Years Ended December 31, 2022 and 2021

	2022	2021
Support and Revenue without Donor Restrictions		
Grants - Federal, State, and Local	\$ 1,082,864	\$ 1,068,879
PPP Loan - forgiven	-	53,544
Donations	-	5,000
Fees	63,848	42,465
Fundraising	29,223	40,174
Interest Income	-	13
Other Income	2,407	2,454
Total Support and Revenue	1,178,342	1,212,529
Expenses		
Program Services		
General Program Services	884,212	808,319
Total Program Expenses	884,212	808,319
Supporting Services		
Administration	203,477	176,098
Fundraising	36,904	10,026
Total Supporting Expenses	240,381	186,124
Total Expenses	1,124,593	994,443
Increase (Decrease) in Net Assets without Donor Restrictions	53,749	218,086
Net Assets, Beginning of Year	473,128	253,152
Prior Period Adjustment	(1,302)	1,890
Net Assets, End of Year	\$ 525,575	\$ 473,128

The accompanying notes are an integral part of these financial statements

**Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst**  
**Statements of Functional Expenses**  
**For the Years Ended December 31, 2022 and 2021**

	2022			2021				
	Program Services	Supporting Services	Fundraising	Total	Program Services	Supporting Services	Fundraising	Total
Salaries	\$ 210,232	\$ 60,067	\$ 30,033	\$ 300,332	\$ 179,966	\$ 84,529	\$ 8,180	\$ 272,675
Employee Benefits	37,187	10,625	5,312	53,124	27,961	13,133	1,271	42,365
Contract Labor	402,939	100,735	-	503,674	524,329	42,046	-	566,375
Professional Fees	11,522	2,881	-	14,403	11,223	4,418	-	15,641
Printing and Publications	-	1,335	-	1,335	-	120	-	120
Bank Fees	-	-	-	-	-	346	-	346
Rent	-	14,400	-	14,400	-	14,400	-	14,400
Licenses and Permits	-	16	-	16	-	10	-	10
Supplies	6,631	1,895	947	9,473	5,407	250	575	6,232
Postage	924	231	-	1,155	161	222	-	383
Travel	4,282	1,223	612	6,117	3,882	-	-	3,882
Dues and Membership	3,274	818	-	4,092	4,280	320	-	4,600
Education and Staff Training	169,697	-	-	169,697	44,384	-	-	44,384
Insurance	-	2,574	-	2,574	-	2,583	-	2,583
Miscellaneous	-	10	-	10	-	3,330	-	3,330
Utilities	15,093	3,773	-	18,866	1,318	7,620	-	8,938
Lobbying	22,431	-	-	22,431	5,408	-	-	5,408
Depreciation and Amortization	-	2,894	-	2,894	-	2,771	-	2,771
Totals	\$ 884,212	\$ 203,477	\$ 36,904	\$ 1,124,593	\$ 808,319	\$ 176,098	\$ 10,026	\$ 994,443

The accompanying notes are an integral part of these financial statements

Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst  
 Statements of Cash Flows  
 For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 52,447	\$ 219,976
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,894	2,771
Change in Assets and Liabilities		
Decrease (Increase) in Grant Funds Receivable	(9,810)	10,627
Decrease (Increase) in Accounts Receivable	-	9,937
Increase (Decrease) in Accounts Payable	127,351	(153,158)
Increase (Decrease) in Deferred Revenue	2,726	-
Total Adjustments	123,161	(129,823)
Net Cash Provided (Used) by Operating Activities	175,608	90,153
Cash Flows from Investing Activities		
Portfolio Reinvestments and Purchases	(212,513)	(6)
Purchases of Fixed Assets	-	(3,070)
Net Cash Provided (Used) by Investing Activities	(212,513)	(3,076)
Cash Flows from Financing Activities	-	-
Net Increase (Decrease) in Cash	(36,905)	87,077
Cash, Beginning of Year	236,252	149,175
Cash, End of Year	\$ 199,347	\$ 236,252

The accompanying notes are an integral part of these financial statements



Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst  
Notes To Financial Statements  
December 31, 2022 and 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Center:**

Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst (the Center) was established as a statewide network of individuals, programs, and organizations committed to protecting Missouri's children by improving the response to child victims and ending the cycle of abuse in Missouri communities. The goal of the organization is preventing, intervening, and treating child abuse and neglect to improve the quality of life for Missouri's children. Funding for the Center is provided under various state and federal grants and contracts and various donations from the community.

**Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred.

**Basis of Presentation**

The Center prepares financial statements in accordance with the Financial Accounting Standards Board (FASB) standards for not-for-profit organizations (ASU 958-205 and subsections). Under these standards the Center is required to report information regarding its financial position and activities according to two classes of net assets: Net Assets without Donor Restrictions and Net Assets with Donor Restrictions. The Center is also required to present a statement of cash flows.

**Net Assets without Donor Restrictions**

Net Assets without Donor Restrictions are not subject to donor-imposed stipulations. Revenues are reported as net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in the appropriate net asset classification. Board-designated funds are classified as net assets without donor restrictions.

**Net Assets with Donor Restrictions**

Net Assets with Donor Restrictions are subject to donor-imposed stipulations. Generally, the donors of these assets permit an organization to use all or part of the income earned on related investments for general or specific purposes.

All expenses are reported in the net assets without donor restrictions class. As restrictions are met, reclassifications are made to move net assets from the net assets with donor restrictions class to the net assets without donor restrictions class so that expenditures may be made within that asset class, as required by accounting principles generally accepted in the United States of America.

**Cash and Cash Equivalents**

The Center considers all investments with an original maturity of three months or less to cash equivalents for the purpose of that statement of cash flows.

Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst  
Notes To Financial Statements  
December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (continued)

**Income Taxes**

The Center is tax exempt from federal income tax under 501(c) (3) of the Internal Revenue Code as a charitable organization, whereby only unrelated business income, as defined by Section 509(a) (1) of the Code, is subject to federal income tax. The center is also exempt from state income taxes. Currently, the Center has no obligation for unrelated business income tax, and accordingly, no provision for income taxes has been accrued.

The Center's Forms 990, Return of Organization Exempt from Income Tax, for the years ended 2020, 2021, and 2022 are subject to examination by the IRS, generally for three years after filing.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Functional Expenses**

The costs of the providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Fixed Assets and Depreciation**

The Center follows the practice of capitalizing all expenses for land, buildings, and equipment in excess of \$1,000 and having a useful life over one year. Donated assets are capitalized at fair value and purchased assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets on the double-declining and straight-line methods. Furnitures, fixtures, and equipment have an estimated useful life of 5 to 7 years.

**Advertising**

Costs for advertising are expensed as incurred.

**Contributions and Other Support**

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for the which the restriction is met in the same time period are recorded as net assets with donor restriction and then released from restriction.

Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst  
Notes To Financial Statements  
December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (continued)

**Donated Materials and Services**

Donated materials and services are stated at fair value and are recorded as contributions if certain conditions are met. An offsetting expense is recorded to reflect the nature of the related expense.

**Bad Debts**

Bad Debts are charged-off using the direct write-off method whereby individual accounts are charged to expense after it becomes apparent that an account is uncollectible. Substantially all accounts receivable are from governmental sources and management does not consider an allowance for doubtful accounts necessary.

**Deferred Revenue**

Income from grants, membership dues, and evaluations are deferred and recognized over the periods to which they relate.

**Compensated Absences**

Personal Time Off (PTO) is considered an expense in the year paid. Such amounts unused that are vested in the employee are payable upon termination at the employee's hourly rate.

**Date of Management Review**

Management has evaluated subsequent events through August 18, 2023 the date the financial statements were available to be issued.

**NOTE 2: CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS**

Cash, savings, and certificates of deposit held by the Center are stated at fair value. Cash and the certificate of Deposit consists of accounts held at a local bank. For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Assets reserved for property improvements on the statements of financial position include restricted cash received with restrictions imposed by donors (but not yet spent) for property improvements. The following table provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows.

	December 31, 2022	December 31, 2021
Cash	\$198,096	\$166,066
Certificates of Deposit	23,621	23,621
Restricted Cash for Stewards of Children	1,250	1,250
Totals	<u>\$222,967</u>	<u>\$190,938</u>

The Center's deposits were fully insured by FDIC insurance as of December 31, 2022 and 2021.

Missouri Network of Child Advocacy Centers d/b/a Missouri KidsFirst  
Notes To Financial Statements  
December 31, 2022 and 2021

**NOTE 3: COMPENSATED ABSENCES**

A liability for compensated absences consists of personal time off (PTO) earned by the Center's personnel. The policy allows personnel to earn varying rates of PTO per year based on length of service with the Center. A maximum of 160 hours may be carried from one calendar year to the next. Upon termination, individuals are compensated at their hourly rate for all accumulated PTO, up to a maximum of 160 hours. At December 31, 2022 and 2021, the maximum liability was \$14,712 and \$14,712, respectively.

**NOTE 4: LEASE**

The Center has an operating lease for office space. Total lease expense for the years ended December 31, 2022 and 2021 totaled \$14,400 and \$14,400, respectively. The Center is currently paying rent of \$1,200 per month, on a month-to-month basis.

**NOTE 5: SIGNIFICANT CONCENTRATIONS**

The Center receives a large percentage of its funding from grants made available to the Center through the federal and state governments. Should those funds not be available at some future time, the impact upon the Center would be substantial.

**NOTE 6: COVID – 19 FINANCIAL REPORTING AND DISCLOSURES**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. As a result, economic uncertainties may have a negative impact on our ability to provide all services at the current level, which may in turn affect net income.

The Center applied for a second loan through the SBA. They were granted the second loan on January 25, 2021 in the amount of \$53,544. They were granted forgiveness for the second loan on July 10, 2021. The second loan is recorded as income as of December 31, 2021.

**NOTE 7: SUBSEQUENT EVENTS, COMMITMENTS, AND CONTINGENCIES**

The preparation of financial statements in conformity with generally accepted accounting principles requires a review of subsequent events which would result in disclosure of events materially impacting these financial statements. Subsequent events have been evaluated through August 18, 2023, the date the financial statements were issued.

The Center has received federal and state awards for specific purposes that are subject to review and audit. These reviews and audits could lead to requests for reimbursement or to withholding of future awards for disallowed expenditures or other noncompliance with the terms of the awards.

The Center does not believe there are any material uncertain tax positions and accordingly, no tax liability has been recorded.

# Erin L. Palmer, C.P.A., LLC

August 18, 2023

Board of Directors

MISSOURI KIDSFIRST

We have audited the financial statements of MISSOURI KIDSFIRST for the year ended December 31, 2022, and we will issue our report thereon dated August 18, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing, 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 June 5, 2023. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Matters

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by MISSOURI KIDSFIRST are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. 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 financial statement disclosures 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on 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 August 18, 2023.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and 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

# Erin L. Palmer, C.P.A., LLC

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.

## Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of Board of Directors of MISSOURI KIDSFIRST and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Erin L. Palmer, CPA, LLC