

***Oklahoma Institute for Child Advocacy***  
*Oklahoma City, Oklahoma*

***REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION***

*For the Year Ended December 31, 2011*

**DRAFT**

**SAUNDERS & ASSOCIATES, PLLC**

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OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Oklahoma Institute for Child Advocacy  
Oklahoma City, Oklahoma

We have audited the accompanying statement of financial position of Oklahoma Institute for Child Advocacy as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Oklahoma Institute for Child Advocacy's management. 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 of America. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Oklahoma Institute for Child Advocacy's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma Institute for Child Advocacy as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated \*Date.2\* on our consideration of Oklahoma Institute for Child Advocacy'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Oklahoma Institute for Child Advocacy taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, accompanying supplemental information, as listed in the preceding table of contents, is presented for purposes of additional analysis. This supplemental information is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants

\*Date.2\*

FINANCIAL STATEMENTS

**DRAFT**

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

STATEMENT OF FINANCIAL POSITION

December 31, 2011

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 333,640
Accounts Receivable	<u>139,607</u>
Total Current Assets	<u>473,247</u>

Property and Equipment:

Computers and Software	118,128
Office Equipment	18,640
Furniture and Fixtures	5,557
Less Accumulated Depreciation	<u>(132,173)</u>
Net Property and Equipment	<u>10,152</u>

Other Assets:

Security Deposit	<u>5,208</u>
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TOTAL ASSETS

\$ 488,607

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 49,393
Accrued Expenses	5,367
Accrued Annual Leave	<u>1,865</u>
Total Current Liabilities	<u>56,625</u>

Net Assets:

Unrestricted	(68,699)
Temporarily Restricted	<u>500,681</u>
Total Net Assets	<u>431,982</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 488,607

\* The accompanying notes are an integral part of the financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
<b><u>SUPPORT AND REVENUE</u></b>			
Federal Grants	\$ 0	\$ 814,898	\$ 814,898
State Contracts	0	124,507	124,507
Contributions	71,524	586,220	657,744
Program Service Fees	0	84,370	84,370
Interest	1,192	0	1,192
Other	240	0	240
Net Assets Released From Restrictions:			
Satisfaction of Program Requirements	1,627,005	(1,627,005)	0
 Total Support And Revenue	 1,699,961	 (17,010)	 1,682,951
<b><u>EXPENSES AND LOSSES</u></b>			
Program Services:			
Kids Count	185,096	0	185,096
Healthy Teens OK	11,682	0	11,682
Power Through Choices	893,611	0	893,611
Teen Pregnancy Prevention	108,414	0	108,414
Oklahoma Afterschool Network	239,847	0	239,847
Healthy Mothers Healthy Babies	17,537	0	17,537
Infant Mental Health	18,810	0	18,810
OK Infant Alliance	10,513	0	10,513
OK Fit Kids Coalition	141,495	0	141,495
 Total Program Services	 1,627,005	 0	 1,627,005
Support Services:			
General and Administrative	96,517	0	96,517
Fundraising	82,075	0	82,075
 Total Support Services	 178,592	 0	 178,592
 Total Expenses	 1,805,597	 0	 1,805,597
 Change in Net Assets	 (105,636)	 (17,010)	 (122,646)
 Net Assets, Beginning of Year	 36,937	 517,691	 554,628
 NET ASSETS, END OF YEAR	 \$ (68,699)	 \$ 500,681	 \$ 431,982

\* The accompanying notes are an integral part of the financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2011

EXPENSES	Kids Count	Healthy Teens OK	Power Through Choices	Teen Pregnancy Prevention	Oklahoma Afterschool Network
Salaries	\$ 111,504	\$ 8,490	\$ 155,724	\$ 59,983	\$ 95,668
Retirement	1,179	255	2,375	1,278	2,083
Employee Benefits	12,622	726	17,185	7,712	8,674
Payroll Taxes	7,360	649	11,771	4,291	7,432
Professional Fees	6,228	0	82,456	3,092	43,858
Office Expenses	6,349	334	34,302	6,181	22,250
Information Technology	3,138	0	5,217	1,688	2,293
Occupancy	13,547	0	16,196	6,858	9,547
Travel	4,539	1,190	73,265	2,371	15,982
Conferences/Meetings	17,917	38	15,492	4,921	650
Interest	0	0	772	0	0
Depreciation	0	0	0	0	0
Insurance	683	0	0	0	416
Miscellaneous	19	0	40	0	66
Educational/Program Materials	0	0	3,471	3,849	4,835
Leadership Development	0	0	0	100	916
Contractual-Program	0	0	276,158	500	20,042
Contractual-Evaluation	0	0	193,749	2,500	4,300
Incentives	0	0	2,473	0	500
Scholarships	0	0	150	1,785	0
Other Programatic Expenses	11	0	2,815	1,305	335
<b>TOTAL EXPENSES</b>	<b>\$ 185,096</b>	<b>\$ 11,682</b>	<b>\$ 893,611</b>	<b>\$ 108,414</b>	<b>\$ 239,847</b>

\* The accompanying notes are an integral part of the financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2011

	Healthy Mothers Healthy Babies	Infant Mental Health	OK Infant Alliance	OK Fit Kids Coalition
<b>EXPENSES</b>				
Salaries	\$ 8,815	\$ 12,265	\$ 8,391	\$ 95,688
Retirement	214	368	252	1,701
Employee Benefits	1,258	1,452	871	11,440
Payroll Taxes	641	790	562	7,255
Professional Fees	1,724	0	0	5,086
Office Expenses	855	427	15	4,980
Information Technology	704	530	70	3,654
Occupancy	2,800	2,115	0	10,670
Travel	361	825	352	497
Conferences/Meetings	165	0	0	22
Interest	0	0	0	0
Depreciation	0	0	0	0
Insurance	0	38	0	453
Miscellaneous	0	0	0	19
Educational/Program Materials	0	0	0	0
Leadership Development	0	0	0	0
Contractual-Program	0	0	0	0
Contractual-Evaluation	0	0	0	0
Incentives	0	0	0	0
Scholarships	0	0	0	0
Other Programatic Expenses	0	0	0	30
<b>TOTAL EXPENSES</b>	<b>\$ 17,537</b>	<b>\$ 18,810</b>	<b>\$ 10,513</b>	<b>\$ 141,495</b>

\* The accompanying notes are an integral part of the financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2011

	Total Programs	General & Administrative	Fundraising	Total Supporting Services	Total
<b>EXPENSES</b>					
Salaries	\$ 556,528	\$ 34,337	\$ 54,362	\$ 88,699	\$ 645,227
Retirement	9,705	351	1,217	1,568	11,273
Employee Benefits	61,940	2,974	5,426	8,400	70,340
Payroll Taxes	40,751	2,288	4,026	6,314	47,065
Professional Fees	142,444	16,174	939	17,113	159,557
Office Expenses	75,693	10,045	1,111	11,156	86,849
Information Technology	17,294	3,083	266	3,349	20,643
Occupancy	61,733	3,669	2,731	6,400	68,133
Travel	99,382	1,339	183	1,522	100,904
Conferences/Meetings	39,205	2,452	90	2,542	41,747
Interest	772	28	0	28	800
Depreciation	0	9,801	0	9,801	9,801
Insurance	1,590	785	275	1,060	2,650
Miscellaneous	144	9,164	11,449	20,613	20,757
Educational/Program Materials	12,155	27	0	27	12,182
Leadership Development	1,016	0	0	0	1,016
Contractual-Program	296,700	0	0	0	296,700
Contractual-Evaluation	200,549	0	0	0	200,549
Incentives	2,973	0	0	0	2,973
Scholarships	1,935	0	0	0	1,935
Other Programatic Expenses	4,496	0	0	0	4,496
<b>TOTAL EXPENSES</b>	<b>\$ 1,627,005</b>	<b>\$ 96,517</b>	<b>\$ 82,075</b>	<b>\$ 178,592</b>	<b>\$ 1,805,597</b>

\* The accompanying notes are an integral part of the financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2011

Cash Flows From Operating Activities

Change in Net Assets	\$ (122,646)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation	9,801
(Increase) Decrease in Accounts Receivable	(74,568)
Increase (Decrease) in Accounts Payable	49,393
Increase (Decrease) in Accrued Expenses	5,232
Increase (Decrease) in Accrued Leave	1,865
Net Cash Provided (Used) by Operating Activities	<u>(130,923)</u>

Cash Flows From Investing Activities

Purchases of Property and Equipment	<u>(4,578)</u>
Net Cash Provided (Used) by Investing Activities	<u>(4,578)</u>

Cash Flows From Financing Activities

Net Cash Provided (Used) by Financing Activities	<u>0</u>
Net Increase (Decrease) in Cash	(135,501)
Cash at Beginning of Year	<u>469,141</u>
CASH AT END OF YEAR	<u>\$ 333,640</u>

\* The accompanying notes are an integral part of the financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

NOTE 1: ORGANIZATION MISSION AND NATURE OF ACTIVITIES

The Oklahoma Institute for Child Advocacy (Organization) was organized in 1983 as a not-for-profit corporation for children in Oklahoma. The Organization's mission is to create awareness, take action, and change policy on behalf of children and youth. The Organization affirms the value and vulnerability of children and youth by raising awareness of their needs, and by promoting public policies, programs and preventive strategies to ensure that they reach their full potential.

**Advocacy** – To ensure that the needs of children and youth are a priority in local and state policy and budgetary decision making.

Programs and Activities:

The Children's Information Network (CIN) – Legislative advocacy, training and technical assistance, and publications (alerts, enewsletters).

Oklahoma KIDS COUNT Partnership – Annual Factbook, KIDS COUNT leadership class, and Child Watch tours.

Annual Fall Forum on Children's Issues – Education on children's issues and Development of the Children's Legislative Agenda.

Annual Friends of Children Awards – Recognizing outstanding efforts on behalf of Oklahoma's children.

Policy Enhancement – Effecting policy changes to increase access to health care coverage for low income working families and their children.

Policy Advocacy Campaign – Work with Smart Start communities to infuse early childhood issues into the election process and train advocates in the agenda-setting process to effect policy on early childhood issues at the legislature.

**Maternal and Child Health & Fitness** – To address the health care needs of children and families through education, outreach, and access to health coverage. To create public awareness, education, and legislative advocacy regarding childhood obesity reduction in Oklahoma.

Programs and Activities:

Healthy Mothers, Healthy Babies Coalition – Public awareness and education, advocacy on health issues related to mothers and infants, professional training.

Oklahoma Infant Alliance – Education and advocacy to improve the health and quality of care of late pre-term infants.

Oklahoma Fit Kids Coalition – Public awareness, education, and legislative advocacy regarding childhood obesity reduction in Oklahoma.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

NOTE 1: ORGANIZATION MISSION AND NATURE OF ACTIVITIES, CONTINUED

**Youth Initiatives** – To promote key data, research, “best practice” strategies, program resources and collaborative efforts that will help expand programs and policies to address the needs of youth more effectively and link prevention with positive youth development from an assets-based approach.

Program Activities:

Teen Pregnancy Prevention Project – Postponing Sexual Involvement (PSI) curriculum, Positive Ways high school peer educators, and parent education and involvement.

Adolescent Pregnancy & Risk-Taking Behaviors Prevention – Outreach to at-risk teens through a school-based program promoting teen pregnancy prevention strategies and positive youth development through an asset based approach. This also uses the PSI curriculum and Positive Ways high school peer educators.

Youth Asset Survey – Teen interviews, preparation of academic journal articles and dissemination of research findings; linking prevention with youth development.

Healthy Teens OK (Teen Pregnancy Prevention) – State teen pregnancy prevention work with the state coalition and state/national partner organizations.

Oklahoma Afterschool Network

Program Activities:

Oklahoma Afterschool Network (OKAN) – Statewide network that works to ensure that all children and youth in Oklahoma have access to quality out-of-school time opportunities that help keep them safe, healthy, and learning.

Ready by 21 Initiative Quality Counts – Technical assistance and tools for programs and policy development for youth focused on strengthening the leadership and quality improvement of out-of-school programs based on community participation of out-of-school providers.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. In addition, certain in-kind donations including awards, printing, and advertising have not been reflected in the accompanying financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Presentation – The Organization is required to report information regarding its financial position and activities to three classes of net assets 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 can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that are to be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned from the assets.

Cash and Cash Equivalents – For purposes of the statement of cash flows, all highly liquid investments with original maturities of three months or less are considered cash equivalents.

Property and Equipment – Property and equipment are recorded at cost for purchased items, or fair value at the date of receipt for donated items when the asset has a useful life greater than one year and, generally, a cost of more than \$1,000. Depreciation is provided on a straight-line basis over a three to seven year period that estimates its useful life.

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.

Income Taxes – The Organization is a not-for-profit corporation exempt from federal income taxes on income related to its exempt purpose under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for the federal income taxes in the accompanying financial statements. The Organization has also made the election for lobbying expenses as allowed by section 501(h) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Services not to be a "private foundation" within meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income during 2011.

Support, Revenue and Contributions – The Organization receives grants and contract support from the Oklahoma State Department of Health, the Oklahoma State Department of Human Services, the Oklahoma Tobacco Settlement Endowment Trust, the Oklahoma State Department of Education, the United States Department of Health and Human Services, and other private foundations and corporations.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Grants and Contributions received are recorded as revenue at their estimated fair values on the date of receipt or upon satisfaction of any grantor or donor restrictions and are reflected as grants and contributions in the accompanying financial statements. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future period or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary 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.

Concentration of Credit Risk – Financial instruments that potentially expose the Organization to concentrations of credit risk consist of cash. (See Note 3)

NOTE 3: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits and time deposits maintained at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposits are carried at cost. Bank balances at year-end are categorized as follows to give an indication of the level of risk assumed by the organization.

Unreconciled

Category

	<u>Carrying Amount</u>
1) Insured or collateralized with securities held by the organization or by its agent in the organization's name.	\$ 250,000
2) Collateralized with securities held by the pledging financial institution's Trust department.	0
3) Uncollateralized	<u>116,195</u>
TOTAL	<u>\$ 366,195</u>

NOTE 4: IN-KIND CONTRIBUTIONS

Management estimates between 40 to 80 per month for clerical services and assistance to staff are contributed by student interns and volunteers. The value of this contributed time is not reflected in the accompanying financial statements since it does not meet the accounting criteria for recognition.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

NOTE 5: ACCOUNTS RECEIVABLE – GRANTS AND CONTRACTS

As of December 31, 2011, accounts receivable from grants and contracts were composed of:

Oklahoma Health Care Authority	\$ 600
Foundations	50,000
Oklahoma Community Service Commission	5,250
U.S. Department of Health & Human Services	1,182
Oklahoma State Department of Health	7,300
Oklahoma Department of Education	9,801
Corporate Contributions	62,639
Other	2,835
Total Accounts Receivable	<u>\$ 139,607</u>

Accounts receivable are stated at the contractual amount billed or contribution to be received. Accounts deemed uncollectible are directly written off. All balances are deemed collectible by management at year end.

NOTE 6: PROPERTY AND EQUIPMENT

	Balance 12/31/10	Additions	Retirements	Balance 12/31/11
Property and Equipment				
Computers and Software	\$ 113,550	\$ 4,578	\$ 0	\$ 118,128
Office Equipment	18,640	0	0	18,640
Furniture and Fixtures	5,557	0	0	5,557
Total	137,747	4,578	0	142,325
Accumulated Depreciation	( 122,372)	\$( 9,801)	\$ 0	( 132,173)
Net Property and Equipment	<u>\$ 15,375</u>			<u>\$ 10,152</u>

Depreciation expense recorded in the statement of activities for the year ended December 31, 2011 was \$9,801.

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

Net assets were temporarily restricted for the following purposes as of December 31, 2011:

Advocacy	\$ 37,555
Child Health and Fitness	93,085
Youth Initiatives	221,123
Oklahoma Afterschool Network	145,571
Maternal and Infant Health	3,347
Total Temporarily Restricted Net Assets	<u>\$ 500,681</u>

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

NOTE 8: RETIREMENT PLAN

OICA offers a Simple IRA retirement plan for eligible regular full-time and regular part-time employees. The employer matches the employee's contribution up to 3% of gross pay. During the year ended December 31, 2011 OICA matched \$11,275.

NOTE 9: CAFETERIA PLAN

OICA offers a variety of pretax and after tax payroll deductions to eligible regular full-time and part-time employees. All of these contributions are entirely voluntary and are at the employee's expense. These benefits include various offerings from an independent insurance provider for accident and disability insurance and flexible spending accounts. Optional health, dental, and life insurance coverage for dependents is available.

NOTE 10: FUNCTIONAL ALLOCATION OF EXPENSES

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

**DRAFT**

NOTE 11: LEASE COMMITMENTS

The Organization leases facilities for use as office space located at 3909 N. Classen Boulevard, Oklahoma City, OK 73118. The agreement, effective September 1, 2008 through August 31, 2011, requires monthly payments of \$5,208. At September 1, 2011, the lease was renewed at the same rate through August 31, 2014. A security deposit of \$5,208 remains in effect. The lessor has pledged \$833.33/month as a contribution to the organization, as a reduction in the minimum lease obligations.

The future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2012	\$ 62,496
2013	62,496
2014	<u>41,664</u>
Total	\$ <u>166,656</u>

Lease expense relating to the facilities was \$62,496 for the year and is included in occupancy expense in the statement of functional expenses.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

NOTE 11: LEASE COMMITMENTS, CONTINUED

The Organization signed a five-year lease agreement on a Ricoh Aficio Color copier in January 2008, for which monthly payments are \$598. The future minimum lease payments under the agreement are as follows:

<u>Year Ending December 31,</u> 2012	\$ <u>7,176</u>
Total	\$ <u>7,176</u>

NOTE 12: ACCRUED ANNUAL LEAVE

Accrued leave is awarded to regular full-time and part-time employees annually on January 1. Ten days of leave is granted for employees with one through five years of service and 15 days for those with at least six years of service for full-time employees. The same schedule is pro-rated by the number of hours worked for part-time employees. A maximum of two weeks of awarded vacation may be carried forward into the following year and only by approved request. Terminating employees are not compensated for vacation awarded but not taken. The balance of accrued annual leave at December 31, 2011 totaled \$1,865.

NOTE 13: SUBSEQUENT EVENTS

Management of Oklahoma Institute for Child Advocacy has evaluated subsequent events through \*Date\*, which is the date the financial statements were available to be issued.

During 2012, The Oklahoma Afterschool Network (OKAN) program plans to separate from OICA to form a separate entity. The operations for the year ended December 31, 2011 of the OKAN program represented 17.4% and 13.3% of overall revenues and expenses respectively; which represents a prominent portion of the OICA annual activity.

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  
Oklahoma Institute for Child Advocacy  
Oklahoma City, Oklahoma

We have audited the financial statements of Oklahoma Institute for Child Advocacy as of and for the year ended December 31, 2011, and have issued our report thereon dated \*Date.2\*. 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 of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oklahoma Institute for Child Advocacy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oklahoma Institute for Child Advocacy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oklahoma Institute for Child Advocacy's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

However, we noted certain other matters involving the internal control over financial reporting that we have reported to management of Oklahoma Institute for Child Advocacy in a separate letter dated \*Date.2\*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oklahoma Institute for Child Advocacy'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*.

This report is intended solely for the information and use of management, the board of directors, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants

\*Date.2\*

**DRAFT**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors  
Oklahoma Institute for Child Advocacy  
Oklahoma City, Oklahoma

Compliance

We have audited the compliance of Oklahoma Institute for Child Advocacy with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. Oklahoma Institute for Child Advocacy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Oklahoma Institute for Child Advocacy's management. Our responsibility is to express an opinion on Oklahoma Institute for Child Advocacy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oklahoma Institute for Child Advocacy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Oklahoma Institute for Child Advocacy's compliance with those requirements.

In our opinion, Oklahoma Institute for Child Advocacy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

The management of Oklahoma Institute for Child Advocacy is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Oklahoma Institute for Child Advocacy's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oklahoma Institute for Child Advocacy's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected, and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, others within the entity, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants

\*Date.2\*

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SUPPLEMENTAL INFORMATION

**DRAFT**

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2011

Grantor/Pass-Through Agency	Federal CFDA Number	Funding Period	Pass - Through Identifying Number	Revenues Recognized	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>					
<u>Direct:</u>					
Personal Responsibility Education Program (PREP)	93.092	09/30/10 -	90AP2665/01	\$ 691,912	\$ 691,912
Innovative Strategies	93.092	09/29/11 -	90AP2665/02	122,986	122,986
		09/30/11 -			
Passed Through Oklahoma State department of Health:	93.778	07/01/10 -	3409014364	17,676	17,676
Medical Assistance Program		06/30/11			
Total Department of Health and Human Services				832,574	832,574
<u>Corporation for National and Community Service</u>					
Pass-Through the OK Community Service Commission	94.003	09/01/10 -	---	24,938	24,938
State Commission Funding		12/31/11			
Total Corporation for National and Community Service				24,938	24,938
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 857,512	\$ 857,512

\* The accompanying notes are an integral part of the financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended December 31, 2011

Grantor	Grant Identifying Number	Funding Period	Revenues Recognized	State Expenditures
<u>Department of Human Services</u>				
Infant Mental Health	0702386	07/01/10 - 06/30/11	\$ 9,131	\$ 9,131
Total OK Department of Human Services			9,131	9,131
<u>Department of Mental Health and Substance Abuse Services</u>				
Infant Mental Health	-----	07/01/10 - 06/30/11	9,131	9,131
Total OK Department of Mental Health & Substance Abuse Services			9,131	9,131
<u>Department of Education</u>				
Training/Technical Assistance	2659013175	09/01/10 - 08/31/11	42,986	42,986
Training/Technical Assistance	2659013656	09/01/11 - 08/31/12	10,945	10,945
Total OK Department of Education			53,931	53,931
<u>Department of Health</u>				
Training	3409016264	07/1/10 - 06/30/11	4,000	4,000
Training	3409016280	07/01/09 - 06/30/10	3,200	3,200
Total OK State Department of Health			7,200	7,200
<u>Tobacco Settlement Endowment Trust</u>				
Event Sponsorship	0929000703	10/01/11 - 10/31/11	2,500	2,500
Total Tobacco Settlement Endowment Trust			2,500	2,500
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>\$ 81,893</b>	<b>\$ 81,893</b>

\* The accompanying notes are an integral part of the financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2011

NOTE 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards include the federal and state grant activity of Oklahoma Institute for Child Advocacy (OICA) and presented in accordance with the requirements of the Office of OMB Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations."* Because the schedules presents only a portion of the operations of OICA, it is not intended to, does not present the financial position or changes in net assets of OICA.

NOTE 2: CONTINGENT LIABILITIES

As noted above, OICA participates in a number of federal and state assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the *Single Audit Act Amendments of 1996*. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

NOTE 3 RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related federal financial reports filed with the grantor agencies because of accruals made in the schedule which will be included in future reports with agencies.



OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

STATUS OF PRIOR AUDIT FINDINGS

December 31, 2011

None reported.

**DRAFT**

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2011

**Section I – Summary of Auditor's Results**

*Financial Statements:*

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weakness(es) identified? ☐ Yes ☒ No

Reportable Condition(s) identified not considered to be material weaknesses? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

*Federal Awards:*

Internal Control Over Major Programs:

Material weakness(es) identified? ☐ Yes ☒ No

Reportable Condition(s) identified not considered to be material weaknesses? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a) of OMB Circular A-133? ☐ Yes ☒ No

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

*Identification of Major Programs:*

CFDA #  
93.092

PROGRAM TITLE  
Personal Responsibility Education Innovative Strategies

**Section II – Financial Statement Findings and Questioned Costs:**

None reported.

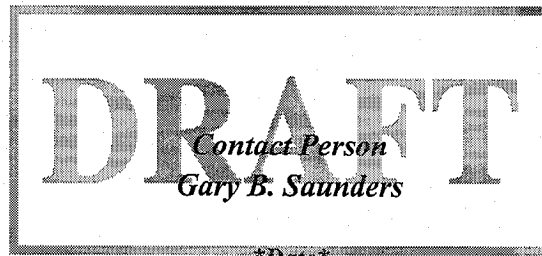
**Section III – Federal Awards Findings and Questioned Costs:**

None reported.

*Memorandum of Suggestions on Accounting  
Procedures and System of Internal Controls*

*Oklahoma Institute for Child Advocacy  
Oklahoma City, Oklahoma*

*For the Year Ended December 31, 2011*



**SAUNDERS & ASSOCIATES, PLLC**  
**Certified Public Accountants**

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Board of Directors  
Oklahoma Institute for Child Advocacy  
Oklahoma City, Oklahoma

The accompanying Management Letter includes suggestions for improvement of accounting procedures and internal accounting controls that came to our attention as a result of our examination of the financial statements of the Oklahoma Institute for Child Advocacy, Oklahoma City, Oklahoma, for the year ended December 31, 2011. The matters discussed herein were considered by us during our examination and do not modify the opinion expressed in our auditor's report dated \*Date.2\* on such financial statements.

In accordance with auditing standards generally accepted in the United States of America, we made a review of Oklahoma Institute for Child Advocacy's system of internal accounting controls for the purpose of providing a basis for reliance thereon, in determining the nature, timing and extent of substantive testing of the December 31, 2011 financial statements. While certain matters that came to our attention during the review are presented in the accompanying Management Letter for the consideration of the Board, our review did not encompass all control procedures and techniques and was not designed for the purpose of making detailed recommendations.

The accompanying Management Letter also includes comments and suggestions with respect to other financial and administrative matters that came to our attention during the course of our examination. These matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving accounting control and other financial and administrative practices and procedures.

This Management Letter is intended solely for the benefit of management and the board of directors, and is not to be used for any other purpose.

We wish to express our appreciation for the courtesies and cooperation extended to our representatives during the course of their work. We would be pleased to discuss these suggestions and comments in greater detail or otherwise assist in their implementation.

Sincerely,

SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants

\*Date.2\*

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY  
Oklahoma City, Oklahoma

MANAGEMENT LETTER

December 31, 2011

1. INTERNAL CONTROLS RELATED TO THE APPROVAL AND SUPPORT OF EXPENDITURES

Condition: During the course of the audit, we noted expenditures that could not be supported with original invoices or receipts justifying the purpose of the expenditure as a legitimate, allowable, business-related expense.

Recommendation: SAUNDERS & ASSOCIATES, PLLC recommends that all expenditures be supported and not approved for payment until proper support is located. This internal control guideline involves management and those charged with governance to closely monitor the expenditure processes. Supporting documentation should be retained for periods consistent with those required by federal and state funding sources as well as organizational policy.

**DRAFT**