

Oklahoma Institute for Child Advocacy

Oklahoma City, Oklahoma

REPORT ON AUDIT OF FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

For the Year Ended December 31, 2012

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OKLAHOMA INSTITUTE FOR CHILD ADVOCACY
Oklahoma City, Oklahoma

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December 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oklahoma Institute for Child Advocacy

We have audited the accompanying financial statements of Oklahoma Institute for Child Advocacy (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from Oklahoma Institute for Child Advocacy's 2011 financial statements and, in our report dated September 18, 2012, we expressed an unqualified opinion on those 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

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. 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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012, 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.

Other-Matter

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2013 on our consideration of Oklahoma Institute for Child Advocacy's internal control over financial reporting and on our tests of 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 financial statements 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, the accompanying supplemental information, as listed in the preceding table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

April 16, 2013

FINANCIAL STATEMENTS

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY
Oklahoma City, Oklahoma

STATEMENT OF FINANCIAL POSITION

December 31, 2012
(With Comparative Totals as of December 31, 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 153,521	\$ 333,640
Pledges Receivable - Current Portion	9,332	0
Accounts Receivable	13,288	139,607
Prepaid Expenses	2,426	0
Total Current Assets	<u>178,567</u>	<u>473,247</u>
<u>Property and Equipment:</u>		
Computers and Software	111,477	118,128
Office Equipment	23,947	18,640
Furniture and Fixtures	5,557	5,557
Less Accumulated Depreciation	<u>(135,034)</u>	<u>(132,173)</u>
Net Property and Equipment	<u>5,947</u>	<u>10,152</u>
<u>Other Assets:</u>		
Pledges Receivable - Non Current Portion	9,678	0
Security Deposit	5,208	5,208
Total Other Non-Current Assets	<u>14,886</u>	<u>5,208</u>
TOTAL ASSETS	<u>\$ 199,400</u>	<u>\$ 488,607</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 5,107	\$ 49,393
Accrued Expenses	68,503	5,367
Accrued Annual Leave	2,985	1,865
Total Current Liabilities	<u>76,595</u>	<u>56,625</u>
<u>Net Assets:</u>		
Unrestricted	(54,971)	(81,808)
Temporarily Restricted	<u>177,776</u>	<u>513,790</u>
Total Net Assets	<u>122,805</u>	<u>431,982</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 199,400</u>	<u>\$ 488,607</u>

* 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, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	Unrestricted	Temporarily Restricted	Total 2012	Total 2011
<u>SUPPORT AND REVENUE</u>				
Federal Grants	\$ 0	\$ 975,285	\$ 975,285	\$ 814,898
State Contracts	0	37,971	37,971	124,507
Contributions	165,586	247,598	413,184	657,744
Program Service Fees	605	76,948	77,553	84,370
Interest	1,064	0	1,064	1,192
Other	6,685	40	6,725	240
Net Assets Released From Restrictions:				
Satisfaction of Program Requirements	<u>1,660,747</u>	<u>(1,660,747)</u>	<u>0</u>	<u>0</u>
Total Support And Revenue	<u>1,834,687</u>	<u>(322,905)</u>	<u>1,511,782</u>	<u>1,682,951</u>
<u>EXPENSES AND LOSSES</u>				
Program Services:				
Kids Count	154,365	0	154,365	185,096
Healthy Teens OK	56,820	0	56,820	11,682
Power Through Choices	1,123,864	0	1,123,864	893,611
Teen Pregnancy Prevention	71,328	0	71,328	108,414
Oklahoma Afterschool Network	126,635	0	126,635	239,847
Maternal & Infant Health	10,849	0	10,849	46,860
OK Fit Kids Coalition	<u>116,887</u>	<u>0</u>	<u>116,887</u>	<u>141,495</u>
Total Program Services	<u>1,660,748</u>	<u>0</u>	<u>1,660,748</u>	<u>1,627,005</u>
Support Services:				
General and Administrative	87,508	0	87,508	96,517
Fundraising	<u>68,191</u>	<u>0</u>	<u>68,191</u>	<u>82,075</u>
Total Support Services	<u>155,699</u>	<u>0</u>	<u>155,699</u>	<u>178,592</u>
Loss on Disposition of Property & Equipment	<u>4,512</u>	<u>0</u>	<u>4,512</u>	<u>0</u>
Total Expenses and Losses	<u>1,820,959</u>	<u>0</u>	<u>1,820,959</u>	<u>1,805,597</u>
Change in Net Assets	13,728	(322,905)	(309,177)	(122,646)
Net Assets, Beginning of Year	<u>(68,699)</u>	<u>500,681</u>	<u>431,982</u>	<u>554,628</u>
NET ASSETS, END OF YEAR	\$ <u>(54,971)</u>	\$ <u>177,776</u>	\$ <u>122,805</u>	\$ <u>431,982</u>

* 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, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	Kids Count	Healthy Teens OK	Power Through Choices	Teen Pregnancy Prevention
EXPENSES				
Salaries	\$ 87,943	\$ 38,289	\$ 292,804	\$ 51,655
Retirement	514	1,063	7,169	1,500
Employee Benefits	6,588	3,651	34,054	6,282
Payroll Taxes	7,370	3,100	24,042	4,185
Professional Fees	17,350	1,125	73,628	0
Office Expenses	14,557	2,316	29,228	1,641
Information Technology	2,673	983	5,452	503
Occupancy	6,052	4,055	16,707	0
Travel	2,310	959	53,674	1,809
Conferences/Meetings	6,362	625	16,567	2,953
Interest	0	0	0	0
Depreciation	0	0	0	0
Insurance	625	298	2,794	0
Miscellaneous	0	356	0	0
Program-Related Expenses	2,021	0	567,745	800
TOTAL EXPENSES - 2012	\$ 154,365	\$ 56,820	\$ 1,123,864	\$ 71,328
TOTAL EXPENSES - 2011	\$ 185,096	\$ 11,682	\$ 893,611	\$ 108,414

* 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, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	Oklahoma Afterschool Network	Maternal & Infant Health	OK Fit Kids Coalition	Total Programs
EXPENSES				
Salaries	\$ 53,716	\$ 9,144	\$ 61,767	\$ 595,318
Retirement	566	274	289	11,375
Employee Benefits	4,764	689	4,715	60,743
Payroll Taxes	4,842	742	5,181	49,462
Professional Fees	33,489	0	18,448	144,040
Office Expenses	6,672	0	5,694	60,108
Information Technology	2,685	0	3,681	15,977
Occupancy	5,207	0	4,978	36,999
Travel	12,616	0	1,687	73,055
Conferences/Meetings	28	0	3,037	29,572
Interest	0	0	0	0
Depreciation	0	0	0	0
Insurance	0	0	357	4,074
Miscellaneous	0	0	0	356
Program-Related Expenses	2,050	0	7,053	579,669
TOTAL EXPENSES - 2012	\$ 126,635	\$ 10,849	\$ 116,887	\$ 1,660,748
TOTAL EXPENSES - 2011	\$ 239,847	\$ 46,860	\$ 141,495	\$ 1,627,005

* 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, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	General & Admin- istrative	Fund- raising	Total Supporting Services	Total 2012	2011
EXPENSES					
Salaries	\$ 34,030	\$ 52,425	\$ 86,455	\$ 681,773	\$ 645,227
Retirement	616	1,574	2,190	13,565	11,273
Employee Benefits	3,110	2,881	5,991	66,734	70,340
Payroll Taxes	2,708	3,998	6,706	56,168	47,065
Professional Fees	12,293	0	12,293	156,333	159,557
Office Expenses	10,083	2,304	12,387	72,495	86,849
Information Technology	1,500	0	1,500	17,477	20,643
Occupancy	7,417	0	7,417	44,416	68,133
Travel	(1,938)	354	(1,584)	71,471	100,904
Conferences/Meetings	2,680	4,655	7,335	36,907	41,747
Interest	0	0	0	0	800
Depreciation	4,999	0	4,999	4,999	9,801
Insurance	387	0	387	4,461	2,650
Miscellaneous	9,555	0	9,555	9,911	20,757
Program-Related Expenses	68	0	68	579,737	519,851
TOTAL EXPENSES - 2012	\$ 87,508	\$ 68,191	\$ 155,699	\$ 1,816,447	
TOTAL EXPENSES - 2011	\$ 96,517	\$ 82,075	\$ 178,592		\$ 1,805,597

* 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, 2012
(With Comparative Totals for the Year Ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
<u>Cash Flows From Operating Activities</u>		
Change in Net Assets	\$ (309,177)	\$ (122,646)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	4,999	9,801
(Increase) Decrease in Pledges Receivable	(19,010)	0
(Increase) Decrease in Accounts Receivable	126,319	(74,568)
(Increase) Decrease in Prepaid Expenses	(2,426)	0
Increase (Decrease) in Accounts Payable	(44,286)	49,393
Increase (Decrease) in Accrued Expenses	63,137	5,232
Increase (Decrease) in Accrued Leave	1,120	1,865
Loss on Disposition of Property & Equipment	4,512	0
Net Cash Provided (Used) by Operating Activities	<u>(174,812)</u>	<u>(130,923)</u>
<u>Cash Flows From Investing Activities</u>		
Purchases of Property and Equipment	<u>(5,307)</u>	<u>(4,578)</u>
Net Cash Provided (Used) by Investing Activities	<u>(5,307)</u>	<u>(4,578)</u>
<u>Cash Flows From Financing Activities</u>		
Net Cash Provided (Used) by Financing Activities	<u>0</u>	<u>0</u>
Net Increase (Decrease) in Cash	(180,119)	(135,501)
Cash at Beginning of Year	<u>333,640</u>	<u>469,141</u>
CASH AT END OF YEAR	<u>\$ 153,521</u>	<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, 2012

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:

Oklahoma KIDS COUNT – Partnership with the National, KIDS COUNT Data Center to provide state, county and other data on a wide array of indicators related to child well-being in Oklahoma; preparation of reports, factsheets and other educational materials.

Policy Education – Works with issue coalitions and child advocates to and provide awareness, education and training activities that support policy changes to improve the health, education, safety and well-being of Oklahoma's children.

Maternal and Child Health & Fitness – To address the health care needs of children and families through education, outreach, and access to health coverage.

Programs and Activities:

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

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 – Promotes evidence-based strategies and community collaboration to reduce teen pregnancy.

Youth Asset Survey – Dissemination of findings from the Youth Asset Study and related research and resources that promote an asset-based approach to youth development.

Healthy Teens OK! – Promotes effective teen pregnancy prevention and youth development approaches, resources, programs and partnerships.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

NOTE 1: ORGANIZATION MISSION AND NATURE OF ACTIVITIES, CONTINUED

Oklahoma Afterschool Network

Program Activities:

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.

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. 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 and Uncertain Tax Positions

Income Tax Status – The Organization is a not-for-profit corporation exempt from income taxes in income related to its exempt purposes under Section 501(c)(3) of the *Internal Revenue Code* and is subject to a tax on income from any unrelated business, as defined by Section 509(a)(1) of the Code. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Organization has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows. Furthermore, the organization is subject to routine audits by federal and state taxing authorities. Federal and state tax statutes stipulate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, there are no open examinations with the Internal Revenue Service or the Oklahoma Tax Commission.

The Organization has made the election for lobbying expenses as allowed by section 501(h) of the Code.

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.

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)

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

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

<u>Category</u>	<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**	10,234
TOTAL	<u>\$ 260,234</u>

** Subsequent to year-end, OICA opened an additional account at a separate bank to avoid uncollateralized deposits for future periods.

NOTE 4: IN-KIND CONTRIBUTIONS

Management estimates between 40 to 80 hours 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.

NOTE 5: ACCOUNTS RECEIVABLE

As of December 31, 2012, accounts receivable of \$13,288 were composed of billing on grants and contracts. Receivables 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: PLEDGES AND CONTRIBUTIONS RECEIVABLE

Pledges and contributions receivable, including unconditional promises to give, as of December 31, 2012, are expected to be collected and realized in the following time frame:

Due Within One Year	\$ 9,332
Due in 2 – 5 Years	9,678
Total	<u>\$ 19,010</u>

Management routinely evaluates collectability of the pledges and contributions receivable. Those deemed uncollectible are immediately written off. No allowance account has been established estimating the future collectability.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

NOTE 7: PROPERTY AND EQUIPMENT

	<u>Balance 12/31/11</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/12</u>
Property and Equipment				
Computers and Software	\$ 118,128	\$ 0	\$(6,651)	\$ 111,477
Office Equipment	18,640	5,307	0	23,947
Furniture and Fixtures	5,557	0	0	5,557
Total	142,325	5,307	0	140,981
Accumulated Depreciation	(132,173)	\$(4,999)	\$ 2,138	(135,034)
Net Property and Equipment	<u>\$ 10,152</u>			<u>\$ 5,947</u>

Depreciation expense recorded in the statement of activities for the year ended December 31, 2012 was \$4,999.

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Net assets were temporarily restricted for the following purposes as of December 31, 2012:

Advocacy	\$ 42,772
Child Health and Fitness	42,161
Youth Initiatives	100,344
Maternal and Infant Health	(7,501)
Total Temporarily Restricted Net Assets	<u>\$ 177,776</u>

NOTE 9: 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, 2012 OICA matched \$13,565.

NOTE 10: 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 11: 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.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

NOTE 12: 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, 2011 through August 31, 2014, requires monthly payments of \$5,208. Beginning August 2012, payments were reduced to \$2,425. A security deposit of \$5,208 remains in effect.

The future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	
2013	\$ 29,186
2014	<u>19,404</u>
Total	<u>\$ 48,510</u>

Lease expense relating to the facilities was \$45,801 for the year and is included in occupancy expense in the statement of functional expenses.

The Organization signed a five-year lease agreement on a Ricoh Aficio Color copier in January 2013, for which monthly payments are \$341. The future minimum lease payments under the agreement are as follows:

<u>Year Ending December 31,</u>	
2013	\$ 4,090
2014	4,090
2015	4,090
2016	4,090
2017	<u>4,090</u>
Total	<u>\$ 20,450</u>

NOTE 13: 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, 2012 totaled \$2,985.

NOTE 14: SUBSEQUENT EVENTS

Management of Oklahoma Institute for Child Advocacy has evaluated subsequent events through April 16, 2013, which is the date the financial statements were available to be issued.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

NOTE 15: COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior year summarized comparative information in total but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2011 from which the summarized information was derived.

Saunders & Associates, PLLC

Certified Public Accountants

630 East 17th Street * P. O. Box 1406 * Ada, Oklahoma 74820 * (580) 332-8548 * FAX: (580) 332-2272
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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
Oklahoma Institute for Child Advocacy

We have audited the financial statements of Oklahoma Institute for Child Advocacy as of and for the year ended December 31, 2012, and have issued our report thereon dated April 16, 2013. 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.

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*.

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance with applicable provisions of laws, regulations, contracts, and grant agreements and the results of our testing, and to provide an opinion on Oklahoma Institute for Child Advocacy's compliance but not to provide an opinion on the effectiveness of Oklahoma Institute for Child Advocacy's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oklahoma Institute for Child Advocacy's compliance and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

Saunders & Associates PLLC
SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

April 16, 2013

Saunders & Associates, PLLC

Certified Public Accountants

630 East 17th Street * P. O. Box 1406 * Ada, Oklahoma 74820 * (580) 332-8548 * FAX: (580) 332-2272
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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

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, 2012. 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, 2012.

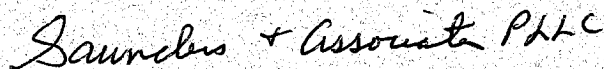
Internal Control Over Compliance

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.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of Oklahoma Institute for Child Advocacy's major federal programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on Oklahoma Institute for Child Advocacy's compliance but not to provide an opinion on the effectiveness of Oklahoma Institute for Child Advocacy's internal control over compliance. This report is an integral part of an audit performed in accordance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* in considering Oklahoma Institute for Child Advocacy's compliance with requirements applicable to each major federal program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.



SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants

April 16, 2013

SUPPLEMENTAL INFORMATION

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY
Oklahoma City, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2012

<u>Grantor/Pass-Through Agency</u>	<u>Federal CFDA Number</u>	<u>Funding Period</u>	<u>Pass - Through Identifying Number</u>	<u>Revenues Recognized</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services</u>					
Direct:					
Personal Responsibility Education Program (PREP) Innovative Strategies	93.092	09/30/11- 09/29/12	90AP2665/02	\$ 815,614	\$ 815,614
Personal Responsibility Education Program (PREP) Innovative Strategies	93.092	09/30/12- 09/29/13	90AP2665/03	<u>134,733</u>	<u>133,375</u>
Total U.S. Department of Health and Human Services				<u>950,347</u>	<u>948,989</u>
<u>Corporation for National and Community Service</u>					
Pass-Through the OK Community Service Commission State Commission Funding	94.003	01/01/12- 12/31/12	---	<u>24,938</u>	<u>24,938</u>
Total Corporation for National and Community Service				<u>24,938</u>	<u>24,938</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ <u>975,285</u>	\$ <u>973,927</u>

* See accompanying notes to this schedule.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY
Oklahoma City, Oklahoma

SCHEDULE OF EXPENDITURES OF STATE AWARDS

For the Year Ended December 31, 2012

<u>Grantor</u>	<u>Grant Identifying Number</u>	<u>Funding Period</u>	<u>Revenues Recognized</u>	<u>State Expenditures</u>
<u>Department of Education</u>				
Oklahoma Afterschool Network	2659013656	09/01/11 - 08/31/12	\$ <u>25,287</u>	\$ <u>25,287</u>
Total OK Department of Education			<u>25,287</u>	<u>25,287</u>
<u>Tobacco Settlement Endowment Trust</u>				
Health Related Consulting	0929000722	01/01/12- 06/30/12	<u>12,684</u>	<u>12,684</u>
Total Tobacco Settlement Endowment Trust			<u>12,684</u>	<u>12,684</u>
TOTAL EXPENDITURES OF STATE AWARDS			\$ <u><u>37,971</u></u>	\$ <u><u>37,971</u></u>

* See accompanying notes to this schedule.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY
Oklahoma City, Oklahoma

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2012

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, 2012

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY
Oklahoma City, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2012

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

Significant Deficiencies 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

Significant Deficiencies 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.