

CAVERN CITY CHILD ADVOCACY CENTER

Audit Report  
For the Year Ended June 30, 2018

John J. Schonberger Jr., CPA  
*Certified Public Accountant*  
Clovis, New Mexico

Cavern City Child Advocacy Center  
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June 30, 2018

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CAVERN CITY CHILD ADVOCACY CENTER  
Official Roster  
June 30, 2018

**BOARD MEMBER**

Scott London	President
Mike Walker	Vice President
Rick Lopez	Treasurer
Staci Compton	Secretary
Misty Carrasco	Member
Matt Hutchinson	Member
Becky Cousins	Member

**ADIMINISTRATION**

Zelma Lopez	Director
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JOHN J. SCHONBERGER, JR.  
*Certified Public Accountant*

Member of American Institute  
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Cavern City Child Advocacy Center (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

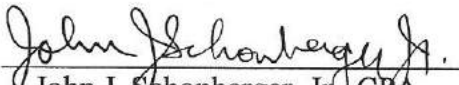
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cavern City Child Advocacy Center as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2019, on our consideration of Cavern City Child Advocacy Center'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 solely 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 effectiveness of the Cavern City Child Advocacy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cavern City Child Advocacy Center's internal control over financial reporting and compliance.

  
John J. Schonberger, Jr. CRA

Clovis, New Mexico  
April 26, 2019

CAVERN CITY CHILD ADVOCACY CENTER  
Statement of Financial Position  
June 30, 2018

ASSETS

Current Assets:	
Cash on Hand and in Banks	\$ 12,585
Due from City of Carlsbad	3,750
Due from CYFD - CAC Grant	23,476
Due from CYFD FIFAS	2,500
Due from United Way – Carlsbad & So. Eddy County	5,483
Due from Eddy County	-
Due from STOP VAWA	4,760
Due from NMCA	2,910
Due from VOCA	17,268
Total Current Assets	72,732
Fixed Assets:	
Building	51,097
Vehicles	27,574
Furniture and Equipment	41,799
Less: accumulated depreciation	(31,288)
Net Fixed Assets	89,182
Other Assets: Rent Deposit	600
Total Assets	\$ 162,515

LIABILITIES AND NET ASSETS

Current Liabilities:	
Payroll liabilities	\$ 132
Accounts Payable	-
Total Current Liabilities	132
Long Term Liabilities	
Western Commerce Bank Loan	59,711
Total Liabilities	59,842
Net Assets:	
Unrestricted	102,672
Total liabilities and net assets	\$ 162,515

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

CAVERN CITY CHILD ADVOCACY CENTER  
Statement of Activities and Changes in Net Assets (Unrestricted)  
For the Year Ended June 30, 2018

	Unrestricted	Total
Support and Revenues:		
Grants and contracts	\$ 297,984	\$ 297,984
Contributions	-	-
Fundraising	1,701	1,701
Program Income	-	0
Total Revenue	299,685	299,685
Expenses:		
Program services:	301,079	301,079
Management and general	33,453	33,453
Total Expenses	334,533	334,533
Change in Net Assets	(34,848)	(34,848)
Net Assets - Beginning of Year	138,770	138,770
Prior Period Adjustment	(1,250)	(1,250)
Net Assets - Beginning of Year - Restated	137,520	137,520
Net Assets - End of Year	\$ 102,672.08	\$ 102,672.08

The accompanying notes are an integral part of these financial statements



CAVERN CITY CHILD ADVOCACY CENTER  
Statement of Functional Expenses  
For the Year Ended June 30, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Totals</u>
FUNCTIONAL EXPENSES:			
Salaries and wages	\$ 144,539	\$ 16,060	\$ 160,599
Payroll taxes and benefits	3,098	344	3,442
Travel	31,491	3,499	34,990
Insurance	6,097	677	6,775
Telephone	3,602	400	4,002
Utilities	5,485	609	6,094
Supplies	15,230	1,692	16,923
Repairs	9,030	1,003	10,033
Postage	448	50	498
Professional fees	2,705	301	3,005
Property Tax	845	94	939
Dues, subscription and books	1,738	193	1,932
Contractual Services	43,847	4,872	48,719
Rent, Lease	11,202	1,245	12,446
Board and Volunteer development	79	9	88
Marketing & Info Materials	5,805	645	6,450
Miscellaneous	1,512	168	1,680
Depreciation	14,327	1,592	15,919
Total functional expenses	<u>\$ 301,079</u>	<u>\$ 33,453</u>	<u>\$ 334,533</u>

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



CAVERN CITY CHILD ADVOCACY CENTER  
Statement of Cash Flows  
Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (decrease) in net assets	\$ (34,848)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	15,919
Prior Period Adjustment	(1,250)
(Increase) decrease in operating assets	
Grants and contracts receivables	(14,561)
Prepaid Expenses	16,656
Increase (decrease) in operating liabilities	
Payroll liabilities	(75)
Accounts Payable	
Loan	59,711
Net cash provided in Operating Activities	41,552
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of fixed assets	(81,208)
Net cash used by investing activities	(81,208)
Net increase in cash and cash equivalents	(39,656)
Cash:	
Beginning of Year	52,241
End of Year	\$ 12,585

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

Cavern City Child Advocacy Center  
Notes to Financial Statements  
For the Year Ended June 30, 2018

**1. Nature of Business and Significant Accounting Policies**

**A. Nature of Activities**

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

**B. Basis of Accounting**

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

**C. Basis of Presentation**

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

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

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

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

Cavern City Child Advocacy Center  
Notes to Financial Statements (cont.)  
For the Year Ended June 30, 2018

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

**D. Contributions**

In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restriction. The Organization had no permanently restricted net assets at June 30, 2018.

**E. Donated Furniture and Equipment**

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

**F. Income Tax Status**

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

**G. Estimates**

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

**H. Property and Equipment**

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



Cavern City Child Advocacy Center  
Notes to Financial Statements (continued)  
For the Year Ended June 30, 2018

**I. Cash & Cash Equivalents**

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

**H. Uncertain Tax Positions**

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

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

The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. There were no penalties or interest recognized during the year ended June 30, 2018.

**2. Retirement – IRA**

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

**3 Concentration of Credit Risk**

CAC maintains one bank account at an institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at this institution did not exceed federally insured limits. The amounts in the bank at June 30, 2018 were under the FDIC limit.

Cavern City Child Advocacy Center  
Notes to Financial Statements (continued)  
For the Year Ended June 30, 2018

**4. Subsequent Events**

The Organization has evaluated subsequent events through April 26, 2019, the date which the financial statements were available to be issued.

**5. Loan Payable**

CAC initiated with Western Commerce Bank initially on July 1, 2017 for \$51,640.98. There was no formal contract made, however a formal agreement was formed for the amount initially advanced.

Future projected payments are to be made as determined by CAC. Therefore, projected 5 year updating is not available and not reported with this note to the financial statement.

The loan is collateralized by two vehicles purchased with the loan.

**6. Prior Period Adjustment**

Prior Period Adjustment - \$1,250 represents an amount received as a first quarterly payment from fiscal year ended June 30, 2017, which the board of directors decided to return it to the Carlsbad United Way in this fiscal year.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Cavern City Child Advocacy Center (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 26, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Cavern City Child Advocacy Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Cavern City Child Advocacy Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be



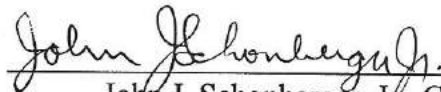
material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

  
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John J. Schonberger, Jr., CPA

Clovis, New Mexico  
April 26, 2019




Cavern City Child Advocacy Center  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

PRIOR AUDIT FINDINGS

None.

CURRENT AUDIT FINDINGS

None.

  
John J. Schonberger, Jr., CPA

April 26, 2019  
Clovis, New Mexico