

**REPORT OF THE AUDIT OF THE  
CABINET FOR HEALTH AND FAMILY SERVICES'  
BREAST CANCER RESEARCH AND EDUCATION TRUST FUND**

**For The Fiscal Year Ended  
June 30, 2025**



**ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS  
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## CONTENTS

## PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
BALANCE SHEET - MODIFIED CASH BASIS .....	5
STATEMENT OF RECEIPTS, EXPENDITURES, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS.....	6
NOTES TO FINANCIAL STATEMENTS .....	9
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.....	13
SCHEDULE OF FINDINGS AND RESPONSES .....	17





ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

*Independent Auditor's Report*

Board of Directors, Breast Cancer Research and Education Trust Fund  
Steven Stack, Secretary  
Cabinet for Health and Family Services'  
Breast Cancer Research and Education Trust Fund

***Report on the Audit of the Financial Statements***

***Opinion***

We have audited the accompanying modified cash basis financial statements of the Cabinet for Health and Family Services' Breast Cancer Research and Education Trust Fund (Program), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective modified cash basis financial position of the Program as of June 30, 2025, and the respective changes in financial position-modified cash basis and, where applicable, cash flows, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Program and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter - Basis of Accounting***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



### ***Responsibilities of Management for the Financial Statements***

The Program's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2025 on our consideration of the Program'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 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 the Program's internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in black ink that reads "Shari L. Scott, C.P.A." in a cursive script.

Shari L. Scott, CPA  
Deputy Auditor of Public Accounts  
Frankfort, KY

September 15, 2025

## **FINANCIAL STATEMENTS**



**CABINET FOR HEALTH AND FAMILY SERVICES’  
BREAST CANCER RESEARCH AND EDUCATION TRUST FUND  
BALANCE SHEET - MODIFIED CASH BASIS**

**June 30, 2025**

**Assets:**

Cash and Cash Equivalents	\$ 419,799
Total Assets	<u>\$ 419,799</u>

**Fund Balance:**

Restricted	\$ 419,799
Total Liabilities and Fund Balance	<u>\$ 419,799</u>

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

**CABINET FOR HEALTH AND FAMILY SERVICES’  
BREAST CANCER RESEARCH AND EDUCATION TRUST FUND  
STATEMENT OF RECEIPTS, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS**

**For the Year Ended June 30, 2025**

**Receipts:**

Breast Cancer - License Plate Sales	\$ 372,118
Receipts - Income Tax Contributions	<u>9,134</u>
Total Receipts	<u>381,252</u>

**Expenditures:**

Grant-In-Aid State Government Entities	270,670
Other Professional Services	<u>75,336</u>
Total Expenditures	<u>346,006</u>

Net Change in Fund Balance	35,246
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Fund Balance at July 1, 2024	<u>384,553</u>
Fund Balance at June 30, 2025	<u><u>\$ 419,799</u></u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**



**CABINET FOR HEALTH AND FAMILY SERVICES’  
BREAST CANCER RESEARCH AND EDUCATION TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025**

**Note 1 - Background**

The Cabinet for Health and Family Services (CHFS) administers the Breast Cancer Research and Education Trust Fund (Program) through its Department for Public Health, Division of Women’s Health. The Program was created in 2005 by KRS 211.580 and consists of funds collected from the income tax checkoff created under KRS 141.446, a portion of funds from the sale of special license plates in accordance with KRS 186.164, and any other proceeds from grants, contributions, appropriations, or other moneys made available for the purposes of the trust fund. KRS 211.590 directed the Breast Cancer Research and Education Trust Fund Board to establish a competitive grant program to provide funding to not-for-profit entities, educational institutions, and government agencies in Kentucky offering programs or services in the areas of breast cancer research, education, awareness, treatment, and screening.

**Note 2 - Basis of Presentation and Accounting Policies**

Basis of Presentation

The financial statements have been prepared on a cash basis of accounting modified by the application of KRS 45.229, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when cash is received, and expenditures are recognized when cash is paid. KRS 45.229 provides that for a period of thirty (30) days after the close of any fiscal year, warrants may be drawn against balances of appropriations made for that fiscal year, for the payment of expenditures incurred during the year or in fulfillment of contracts properly made during the year but for no other purpose.

Concentration of Revenues

Program receipts are derived from the sale of special license plates, as authorized in KRS 186.164, available for purchase in each of Kentucky’s County Clerk’s offices. The funds are submitted to the Kentucky Transportation Cabinet (KYTC) and a portion of the funds are transferred to CHFS. Once a year, the monies are transmitted to the Program. The monies collected during fiscal year 2025 were not sent to the Program in fiscal year 2024. The monies collected during fiscal year 2025 and 2024 were sent to the Program in fiscal year 2025. The Program also receives funds from Kentucky taxpayers who check the box on their Kentucky state income tax forms to donate part of their tax refund to the Breast Cancer Research and Education Trust Fund. The Program also accepts donations to the fund.

**CABINET FOR HEALTH AND FAMILY SERVICES’  
BREAST CANCER RESEARCH AND EDUCATION TRUST FUND  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2025  
(Continued)**

Expenditures

The Program provides grants to applicants based on criteria set forth in 902 KAR 23:010. In order to be considered for a grant, an application, including itemized proposed budget, must be submitted by the deadline. Grantees submit invoices and are reimbursed based on the line item budget submitted with the original grant application.

Fund Balance

Fund balance represents the difference between assets and liabilities reported on the balance sheet. The fund balance does not lapse and therefore is available for use in future periods. Fund balance is classified as restricted.

Restricted fund balance represents resources that are subject to constraints on their use. The Breast Cancer Research and Education Trust Fund uses are restricted to those prescribed by KRS 211.580 to KRS 211.590. These constraints meet the definition of restricted fund balance under GASB Statement No. 54, as they are imposed through enabling legislation.

**Note 3 - Cash Deposits**

Participation in the Commonwealth’s Internal Cash and Investment Pool

Receipts are deposited in the Commonwealth’s general depository administered by the State Treasurer, who has statutory responsibility and authority to safeguard the monies. The Breast Cancer Research and Education Trust Fund participates in the internal cash and investment pool of the Commonwealth of Kentucky. Therefore, it follows the policies established by the Commonwealth for all pooled cash and investments. The Commonwealth’s internal investment pool offers same day liquidity with no limitations, fees, or restrictions on withdrawals. The risk disclosures related to deposits and investments are reported in the Commonwealth of Kentucky’s Annual Comprehensive Financial Report. Accordingly, the Commonwealth of Kentucky’s Annual Comprehensive Financial Report should be referred to for disclosures required by the Governmental Accounting Standards Board. For the year ended June 30, 2025, the Breast Cancer Research and Education Trust Fund’s position in the pool totaled \$419,799.

**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***







ALLISON BALL  
AUDITOR OF PUBLIC ACCOUNTS

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*

Independent Auditor's Report

Steven Stack, Secretary  
Cabinet for Health and Family Services'  
Breast Cancer Research and Education Trust Fund

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 modified-cash basis financial statements of the Cabinet for Health and Family Services' Breast Cancer Research and Education Trust Fund (Program) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated September 15, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-01, that we consider to be a material weakness.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With *Governmental Auditing Standards*  
(Continued)

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Program'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 financial statements. 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*.

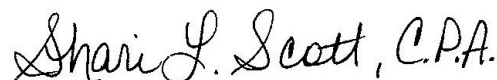
***Program's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Program's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Program's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Shari L. Scott, CPA  
Deputy Auditor of Public Accounts  
Frankfort, KY

September 15, 2025

## **SCHEDULE OF FINDINGS AND RESPONSES**



**CABINET FOR HEALTH AND FAMILY SERVICES’  
BREAST CANCER RESEARCH AND EDUCATION TRUST FUND  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2025**

**2025-01: The Breast Cancer Fund Balance Sheet Presentation Erroneously Included Accounts Receivable**

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**Condition and Context (Nature of the Weakness or Noncompliance)**

The Cabinet for Health and Family Services (CHFS) administers the Breast Cancer Research and Education Trust Fund (BCTF) created by KRS 211.580. BCTF’s financial statements are prepared using the Modified-Cash Basis of accounting. BCTF’s Balance Sheet – Modified-Cash Basis presented a negative accounts receivable balance of \$16,173, which was substantially comprised of two expenditure transactions recorded after June 30, 2025 but during the 30 day period (referred to as accounting period 13 transactions). Additionally, \$4,600 of the \$16,173 noted above were receipts that belonged to another entity and BCTF failed to identify the error.

**Cause**

BCTF did not have internal controls in place to ensure all funds received belonged to BCTF and that transactions and any adjustments for period 13 were properly reported in the correct balance sheet line items.

**Effect**

Period 13 transactions were not properly identified and presented on the financial statement. For FY 2025, the assets on the Balance Sheet Modified-Cash Basis were overstated by \$16,173 and the statement was not presented in accordance with the Modified Cash Basis of Accounting. Also, without an adequate internal control system in place to monitor revenues received from the Department of Revenue (DOR), the potential exists for errors to occur and impact the amount of grant funds available to spend as well as the accuracy of the financial statements. In addition, BCTF might have inadvertently expended funds belonging to another entity, which could result in a liability to that entity.

**Criteria**

In accordance with 200 KAR 38:070, titled “Internal controls and pre-audit,” each agency is responsible to develop and document internal controls to both prevent and detect abuse, unintentional errors, and the fraudulent disbursement of funds or use of state assets. Additionally, agency personnel shall implement the internal controls and monitor their effectiveness.

**Recommendation**

We recommend BCTF:

- Return the funds to DOR.
- Consider implementing internal controls to review and reconcile DOR’s tax contribution reports to ensure all tax donations received are accurate and belong to BCTF.

**CABINET FOR HEALTH AND FAMILY SERVICES’  
BREAST CANCER RESEARCH AND EDUCATION TRUST FUND  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2025  
(Continued)**

**2025-01: The Breast Cancer Fund Balance Sheet Presentation Erroneously Included Accounts Receivable (Continued)**

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**Recommendation (Continued)**

In addition, we recommend that BCTF implement internal controls to review financial statement compilation procedures over period 13 transactions.

**Management’s Response and Corrective Action Plan**

*The Office of Administrative Services, Division of General Accounting (DGA) acknowledges the auditor’s recommendation but respectfully disagrees that the reported condition constitutes an internal control weakness or noncompliance.*

*The Breast Cancer Research and Education Trust Fund (BCTF) financial statements are prepared on a modified cash basis, consistent with KRS 45.229, which applies specifically to appropriated funds. However, as an off-budget, non-appropriated fund, BCTF is not subject to this statute. The reference to KRS 45.229 is included solely for consistency with appropriate fund reporting.*

*DGA does not view this issue as an internal control weakness. All expenditures were properly authorized, processed, and recorded, including period 13 transactions, which were reflected in the financial statements both before and after the suggested adjustment. The identified difference relates to accounting presentation under the modified cash basis, not a control failure. The cited criteria (200 KAR 38:070) concern controls preventing errors, fraud, or misuse, none of which occurred, as all expenditures were valid and accurately recorded.*

*Furthermore, total assets on the Balance Sheet—Modified Cash Basis—were correctly stated before and after the adjustment. The \$16,173 difference pertains only to classification between “Cash and Cash Equivalents” and “Accounts Receivable.” This confirms that the issue is a matter of reporting presentation rather than an internal control deficiency.*

*While DGA disagrees with this finding, we have updated procedures to incorporate the auditor’s recommendation and appreciate their guidance. We believe this will enhance and simplify future reporting.*

*The Department for Public Health (DPH) respectfully disagrees with this finding. The funds identified by the auditor as belonging to another entity are not within the responsibility of our department.*

**CABINET FOR HEALTH AND FAMILY SERVICES’  
BREAST CANCER RESEARCH AND EDUCATION TRUST FUND  
SCHEDULE OF FINDINGS AND RESPONSES  
June 30, 2025  
(Continued)**

**2025-01: The Breast Cancer Fund Balance Sheet Presentation Erroneously Presented Accounts Receivable (Continued)**

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**Management’s Response and Corrective Action Plan (Continued)**

*Regarding revenues received by the Breast Cancer Trust Fund (BCTF), DPH depends on other state agencies—specifically, the Department of Revenue (DOR) and the Department of Transportation (DOT)—to collect and remit these funds. The Department is the recipient of these revenues.*

*DPH asserts that it is the responsibility of DOR and DOT to establish procedures to identify fees and revenues from income tax forms and license plate sales earmarked for BCTF. Each agency’s responsibilities are governed by specific statutes—KRS 141.446 (DOR) and KRS 186.164 (DOT)—which outline their handling and distribution duties.*

*Funds deemed eligible for the BCTF are deposited directly into the fund by DOR and DOT via electronic transfers through eMARS, without involvement from DPH.*

*Given these circumstances, we believe the responsibility to develop accurate reporting and reconciliation processes rests with DOR and DOT. DPH is willing to collaborate with DOR and DOT in the development of an internal system.*

**Auditor’s Reply**

BCTF management is responsible for determining an appropriate basis of accounting and properly disclosing that basis in the financial statements. In prior audits, BCTF selected the modified cash basis in accordance with KRS 45.229 and included a note disclosure indicating this determination. Management communicated to the auditor that this was the appropriate basis and prepared the financial statements in accordance with that basis.

Accounts receivable are not recognized as assets on modified cash basis balance sheets. Under this basis, as defined in the financial statement Note 2 provided by BCTF management, receipts are recognized when cash is received and expenditures when cash is paid. Effective internal controls should exist to incorporate any adjustments for period 13 transactions and ensure proper reporting of balance sheet line items under the modified cash basis. An error in presentation is indicative of an internal control failure in accordance with 200 KAR 38:070.

BCTF is responsible for tracking its sources of revenue and ensuring entitlement to the funds received. BCTF did not have internal controls in place to ensure proper receipt of all funds to which BCTF were entitled.