

**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, 2023**



**MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS
auditor.ky.gov**

**209 ST CLAIR STREET
FRANKFORT, KY 40601-1817
(502) 564-5841**

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MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

Board of Directors, Breast Cancer Research and Education Trust Fund
Eric Friedlander, 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, 2023, 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, 2023, 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 comprehensive 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 12, 2023 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 cursive script that reads "Farrah Petter".

Farrah Petter, CPA
Assistant Auditor of Public Accounts
Frankfort, KY

September 12, 2023

FINANCIAL STATEMENTS

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

June 30, 2023

Assets:

Cash and Cash Equivalents	\$ 499,232
Total Assets	<u>\$ 499,232</u>

Fund Balance:

Restricted	\$ 499,232
Total Liabilities and Fund Balance	<u>\$ 499,232</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, 2023

Receipts:

Breast Cancer - License Plate Sales	\$ 195,894
Receipts - Income Tax Contributions	<u>11,527</u>
Total Receipts	<u>207,421</u>

Expenditures:

Grant-In-Aid State Government Entities	42,972
Auditing Services	12,600
Other Professional Services	<u>12,193</u>
Total Expenditures	<u>67,765</u>

Net Change in Fund Balance	139,656
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Fund Balance at July 1, 2022	<u>359,576</u>
Fund Balance at June 30, 2023	<u><u>\$ 499,232</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, 2023**

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. 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.

The Program is funded by:

- 1) State income taxes (when a taxpayer due a refund designates an amount to contribute to the breast cancer research and education trust fund); and,
- 2) A portion of funds from the sale of special license plates, in accordance with KRS 186.164.

Note 2 - Basis of Presentation and Accounting PoliciesBasis 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 2022 were sent to the Program in fiscal year 2023. The amount transmitted was \$195,894. 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.

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.

**CABINET FOR HEALTH AND FAMILY SERVICES’
BREAST CANCER RESEARCH AND EDUCATION TRUST FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2023
(Continued)**

Note 2 - Basis of Presentation and Accounting Policies (Continued)

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. GASB 54 identifies fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, laws and or regulations of other governments, or are imposed by law through constitutional provisions or 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, 2023, the Breast Cancer Research and Education Trust Fund’s position in the pool totaled \$499,232.

**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***



MIKE HARMON
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

Eric Friedlander, 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 Kentucky Cabinet for Health and Family Services' Breast Cancer Research and Education Trust Fund (Program) as of and for the year ended June 30, 2023, 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 12, 2023.

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 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 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 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.



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)

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*.

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,



Farrah Petter, CPA
Assistant Auditor of Public Accounts
Frankfort, KY

September 12, 2023