

***Center for Children & Families, Inc.***  
*Norman, Oklahoma*

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

***For the Year Ended December 31, 2019***

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

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CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

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# Saunders & Associates, PLLC

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Center for Children & Families, Inc.

We have audited the accompanying financial statements of Center for Children & Families, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 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 Center for Children & Families, Inc.'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 Center for Children & Families, Inc.'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 Center for Children & Families, Inc. as of December 31, 2019, 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.

## **Report on Summarized Comparative Information**

We have previously audited the Center for Children & Families, Inc.'s December 31, 2018 financial statements and our report dated April 22, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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.

### **Other Reporting Required By Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2020 on our consideration of Center for Children & Families, Inc.'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* in considering Center for Children & Families, Inc.'s internal control over financial reporting and compliance.



SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants  
Ada, Oklahoma

April 20, 2020

## FINANCIAL INFORMATION

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF FINANCIAL POSITION

December 31, 2019  
(With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and Cash Equivalents	\$ 635,125	\$ (235,472)	\$ 399,653	\$ 370,699
Unconditional Promises to Give:				
United Way Services Funding for 19-20	0	76,172	76,172	74,000
Pledges Receivable, net	220,846	0	220,846	376,154
Accounts Receivable	65,436	0	65,436	89,964
Inventory	1,386	0	1,386	3,217
Prepaid Expenses	11,301	0	11,301	9,184
Security Deposits	29	0	29	1,651
Total Current Assets	934,123	(159,300)	774,823	924,869
Noncurrent Assets:				
Investments	0	204,167	204,167	233,372
Pledges Receivable	0	305,787	305,787	470,887
Property & Equipment	3,319,852	0	3,319,852	3,319,852
Less: Accumulated Depreciation	(401,133)	0	(401,133)	(325,494)
Total Noncurrent Assets	2,918,719	509,954	3,428,673	3,698,617
TOTAL ASSETS	\$ 3,852,842	\$ 350,654	\$ 4,203,496	\$ 4,623,486
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current Liabilities:				
Accounts Payable	\$ 3,734	\$ 0	\$ 3,734	\$ 6,080
Accrued Expenses	151	0	151	527
Long-Term Debt - Current Portion	0	0	0	0
Total Current Liabilities	3,885	0	3,885	6,607
Noncurrent Liabilities:				
Long-Term Debt	71,693	0	71,693	246,693
Liability for Compensated Absences	30,515	0	30,515	36,264
Total Noncurrent Liabilities	102,208	0	102,208	282,957
Total Liabilities	106,093	0	106,093	289,564
Net Assets:				
Without Donor Restrictions	3,746,749	0	3,746,749	3,586,305
With Donor Restrictions	0	350,654	350,654	747,617
Total Net Assets	3,746,749	350,654	4,097,403	4,333,922
TOTAL LIABILITIES AND NET ASSETS	\$ 3,852,842	\$ 350,654	\$ 4,203,496	\$ 4,623,486

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

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	<u>Without</u>	<u>With Donor</u>	<u>2019</u>	<u>2018</u>
	<u>Donor</u>	<u>Restrictions</u>	<u>Total</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Total</u>	<u>Total</u>
<b><u>REVENUE AND SUPPORT</u></b>				
Grants and Contracts	\$ 57,834	\$ 685,844	\$ 743,678	\$ 755,173
Contributions:				
United Way Services	1,424	152,345	153,769	150,089
Bringing Up Babies	0	10,000	10,000	3,225
Divorce Services	0	15,000	15,000	15,000
Parenting Assistance	0	2,400	2,400	2,000
Counseling Services	0	22,000	22,000	70,000
Trauma Training	0	0	0	16,300
Boys & Girls Club of Norman	0	93,016	93,016	68,819
Other	370,587	0	370,587	370,336
Program and Class Fees	734	198,770	199,504	165,855
Other Revenue	4,951	2,708	7,659	13,607
In-Kind	2,629	60,017	62,646	83,099
Net Assets Released From Restriction:				
Satisfaction of Time Restrictions - United Way	148,000	(148,000)	0	0
Satisfaction of Purpose Restrictions - Capital Acq.	0	0	0	0
Satisfaction of Program Restrictions	1,491,063	(1,491,063)	0	0
Total Revenues	<u>2,077,222</u>	<u>(396,963)</u>	<u>1,680,259</u>	<u>1,713,503</u>
<b><u>EXPENSES</u></b>				
Program Expense	1,639,063	0	1,639,063	1,655,340
Trauma Training	0	0	0	31,827
Mental Health Consulting	25,007	0	25,007	0
General and Administrative Expenses	129,639	0	129,639	119,776
Capital Campaign	8,927	0	8,927	15,906
Fund Raising Expense	148,228	0	148,228	152,417
Total Expenses	<u>1,950,864</u>	<u>0</u>	<u>1,950,864</u>	<u>1,975,266</u>
Change in Net Assets Before				
Other Gains and Losses	126,358	(396,963)	(270,605)	(261,763)
Other Gains and Losses:				
Interest	4,080	0	4,080	3,288
Unrealized Gain (Loss) on Investments	30,006	0	30,006	(17,660)
Total Other Gains and Losses	<u>34,086</u>	<u>0</u>	<u>34,086</u>	<u>(14,372)</u>
Change in Net Assets	160,444	(396,963)	(236,519)	(276,135)
Net Assets, Beginning of Year	3,586,305	747,617	4,333,922	4,610,057
Interfund Transfers	0	0	0	0
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 3,746,749</u>	<u>\$ 350,654</u>	<u>\$ 4,097,403</u>	<u>\$ 4,333,922</u>

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

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019  
(With Comparative Totals for 2018)

<u>EXPENSES</u>	<u>Divorce Services</u>	<u>Parents' Assistance</u>	<u>Bringing Up Babies</u>	<u>Counseling</u>
Salaries and Wages	\$ 69,422	\$ 145,804	\$ 61,231	\$ 353,074
Fringe Benefits and Taxes	20,313	39,587	18,955	95,194
Accounting	721	1,204	367	3,189
Advertising	35	0	35	35
Bank Service Charges	0	0	0	0
Client Support	408	631	470	1,663
Communications	1,453	775	1,360	5,345
Conferences, Conventions & Meetings	206	209	4,206	811
Consultants and Contract Labor	9,606	13,763	1,506	77,816
Depreciation Expense	6,132	9,486	5,353	22,727
Dues, Subscriptions & Licensure	3,413	5,106	3,680	13,386
Equipment Rent & Maintenance	238	425	160	972
Equipment Acquisition	217	0	0	153
Insurance	2,491	4,159	1,270	11,018
Interest	0	0	0	0
Legal Fees	0	0	0	0
Mileage & Travel	812	208	1,972	1,271
Miscellaneous	1,116	239	168	841
Occupancy	3,943	5,612	3,394	16,504
Office Supplies	431	633	279	1,503
Supplies - Other	0	0	0	0
Postage	52	84	28	221
Printing & Artwork	2,278	1,253	560	2,296
Program Materials	95	25	194	148
Program Snacks	122	195	0	551
In-Kind Expenses:				
Space	14,800	0	0	2,000
Goods	4,171	6,452	3,641	15,460
Professional Services	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>\$ <u>142,475</u></b>	<b>\$ <u>235,850</u></b>	<b>\$ <u>108,829</u></b>	<b>\$ <u>626,178</u></b>

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



CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	Boys & Girls Club of Norman	Total Program Expenses	Mental Health Consulting	General and Admin. Expense
<u>EXPENSES</u>				
Salaries and Wages	\$ 297,129	\$ 926,660	\$ 0	\$ 70,808
Fringe Benefits and Taxes	83,867	257,916	0	29,890
Accounting	2,900	8,381	0	683
Advertising	70	175	0	0
Bank Service Charges	0	0	0	0
Client Support	1,519	4,691	0	2,323
Communications	4,533	13,466	0	374
Conferences, Conventions & Meetings	2,160	7,592	0	509
Consultants and Contract Labor	32,954	135,645	25,007	1,338
Depreciation Expense	19,836	63,534	0	5,348
Dues, Subscriptions & Licensure	7,320	32,905	0	448
Equipment Rent & Maintenance	1,025	2,820	0	213
Equipment Acquisition	0	370	0	0
Insurance	10,020	28,958	0	2,360
Interest	0	0	0	77
Legal Fees	0	0	0	0
Mileage & Travel	1,131	5,394	0	198
Miscellaneous	2,660	5,024	0	9,841
Occupancy	31,358	60,811	0	2,439
Office Supplies	1,611	4,457	0	906
Supplies - Other	0	0	0	9
Postage	192	577	0	31
Printing & Artwork	2,831	9,218	0	683
Program Materials	7,469	7,931	0	0
Program Snacks	1,653	2,521	0	0
In-Kind Expenses:				
Space	0	16,800	0	0
Goods	13,493	43,217	0	1,161
Professional Services	0	0	0	0
<b>TOTAL EXPENSES</b>	<b>\$ 525,731</b>	<b>\$ 1,639,063</b>	<b>\$ 25,007</b>	<b>\$ 129,639</b>

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

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	Capital Campaign	Fund Raising Expense	2019 Total	2018 Total
<u>EXPENSES</u>				
Salaries and Wages	\$ 0	\$ 73,770	\$ 1,071,238	\$ 1,158,264
Fringe Benefits and Taxes	0	23,351	311,157	322,258
Accounting	0	800	9,864	10,149
Advertising	0	500	675	383
Bank Service Charges	0	0	0	5,368
Client Support	0	449	7,463	7,915
Communications	0	452	14,292	14,113
Conferences, Conventions & Meetings	0	3,285	11,386	17,847
Consultants and Contract Labor	0	5,008	166,998	87,221
Depreciation Expense	0	6,757	75,639	75,637
Dues, Subscriptions & Licensure	0	8,344	41,697	37,355
Equipment Rent & Maintenance	0	258	3,291	2,233
Equipment Acquisition	0	0	370	407
Insurance	0	2,764	34,082	32,931
Interest	6,710	0	6,787	15,867
Legal Fees	0	0	0	0
Mileage & Travel	0	179	5,771	4,827
Miscellaneous	2,217	169	17,251	6,145
Occupancy	0	3,094	66,344	58,440
Office Supplies	0	424	5,787	5,295
Supplies - Other	0	143	152	559
Postage	0	2,003	2,611	2,239
Printing & Artwork	0	4,214	14,115	15,734
Program Materials	0	10,738	18,669	9,109
Program Snacks	0	59	2,580	1,871
In-Kind Expenses:				
Space	0	0	16,800	30,240
Goods	0	1,467	45,845	50,187
Professional Services	0	0	0	2,672
<b>TOTAL EXPENSES</b>	<u>\$ 8,927</u>	<u>\$ 148,228</u>	<u>\$ 1,950,864</u>	<u>\$ 1,975,266</u>

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

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019  
(With Comparative Totals for 2018)

	<u>2019</u> <u>Total</u>	<u>2018</u> <u>Total</u>
<u>Cash Flows From Operating Activities</u>		
Change in Net Assets	\$ (270,605)	\$ (261,763)
Adjustment to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation	75,639	75,638
(Increase) Decrease in:		
Accounts Receivable	22,356	(3,510)
Pledges Receivable, net	320,408	423,157
Inventory	1,831	(181)
Prepaid Expense	(2,117)	(2,039)
Security Deposits	1,622	519
Increase (Decrease) in:		
Accounts Payable	(2,346)	2,800
Accrued Liabilities	<u>(6,125)</u>	<u>249</u>
Net Cash Provided (Used) by Operating Activities	<u>140,663</u>	<u>234,870</u>
<u>Cash Flows From Investing Activities</u>		
Acquisition/Disposition of Capital Assets	0	0
Interest on Deposits	4,080	3,288
(Increase) Decrease in Investments	<u>59,211</u>	<u>(53,805)</u>
Net Cash Provided (Used) by Investing Activities	<u>63,291</u>	<u>(50,517)</u>
<u>Cash Flows From Financing Activities</u>		
Acquisition of Debt Principal	0	0
Payment of Debt Principal	<u>(175,000)</u>	<u>(236,669)</u>
Net Cash Provided (Used) by Investing Activities	<u>(175,000)</u>	<u>(236,669)</u>
Increase (Decrease) in Cash	28,954	(52,316)
Cash and Cash Equivalents, Beginning of Year	<u>370,699</u>	<u>423,015</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 399,653</u>	<u>\$ 370,699</u>
<u>Other Disclosures:</u>		
Capitalized Interest Costs	<u>\$ 0</u>	<u>\$ 0</u>
Interest Expense	<u>\$ 6,787</u>	<u>\$ 15,867</u>

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

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: ORGANIZATION AND ACTIVITIES

Center for Children & Families, Inc. (CCFI) was incorporated as Juvenile Services, Inc. on August 18, 1969, for the purpose of supporting existing juvenile programs and to improve and expand services for juveniles in Cleveland County. In 1999, the Board of Directors voted to change the name of the organization from Juvenile Services, Inc. to Center for Children & Families, Inc. The programs currently supported by the organization are:

**Divorce Services** – Support and education for divorced, separated, or never married parents through classes, mediation, counseling and supervised visits and exchanges.

**Parents Assistance** – Provides support and education for parents struggling day-to-day with abuse, neglect and other related issues through specialized classes.

**Counseling** – Provides therapy, education and support to children and youth with histories of neglect and/or emotional abuse, and their parents, foster or adoptive caregivers.

**Baby Pantry** – Completely stocked by the community, the Baby Pantry at CCFI provides formula, baby and toddler food, diapers, and other basic necessities to over 100 visitors each month.

**Bringing Up Babies** – Provides parent education, support and case management to teen and other at risk new parents through home visits.

**Boys & Girls Club of Norman** - Provides youth development services in accordance with BGCA's policies to create positive outcomes in the lives of local youth with an emphasis in 1) academic success, 2) healthy lifestyles, and 3) character and leadership development.

CCFI is an independent agency funded by grants from the Department of Mental Health and Substance Abuse Services, Department of Human Services, contracts with governmental entities and donations from individuals, businesses, and other not-for-profit organizations.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** – Financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, contract funds are recognized as revenue when allowable expenses are incurred and a receivable represents that portion of the contract which CCFI has earned and/or requested, but not received. Medicaid receipts and contributions are recorded upon receipt. Expenses are recorded when a liability is incurred. Expenses incurred but not paid at year-end are represented by a liability on the statement of financial position. Grant funds received, but not yet expended for their specified purpose, are recognized as net assets with donor restrictions. Other revenue (i.e. donations) is recognized when received. Net asset balances represent cumulative revenue received over expenses incurred.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

**Basis of Presentation** – CCFI’s financial statement presentation follows the Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, net assets of CCFI and changes therein are classified and reported as follows:

- Net assets with donor restrictions – net assets subject to donor imposed restrictions
- Net assets without donor restrictions – net assets not subject to donor-imposed restrictions

**Recognition of Donor Restrictions** – Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by donors.

**Cash and Cash Equivalents** – For purposes of the statement of cash flows, cash and cash equivalents include bank accounts and investments readily convertible to cash.

Bank balances at year end are categorized as follows to give an indication of the level of risk assumed by the organization.

<u>Category</u>	<u>Balance Per Bank</u>
1) Insured or collateralized with securities held by the organization or by its agent in the organization’s name.	\$ 251,887
2) Collateralized with securities held by the pledging financial institution’s trust department.	185,022
3) Uncollateralized	<u>0</u>
TOTAL	<u>\$ 436,909</u>

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Investments** – Investments of the organization consist of the following:

Without donor restrictions – In 2018, CCFI had investments consisting of stocks which were donated at year end and were valued at \$55,209. It is the policy of CCFI to liquidate any stock contributions upon receipt. However, management was not aware of this contribution until after December 31<sup>st</sup>. These stocks were recorded at their market value on date of receipt.

With donor restrictions – Beneficial Interest in Assets Held by Others – CCFI has placed funds with the following foundations to be held in endowment funds.

Communities Foundation of Oklahoma	<u>2019</u>	<u>2018</u>
Balance, Beginning of Year	\$ 647	\$ 726
Interest and Dividends	26	6
Net Investment Income (Loss)	61	( 83)
Management Fees	( 8)	( 2)
Balance, End of Year	<u>\$ 726</u>	<u>\$ 647</u>
Oklahoma City Community Foundation	<u>2019</u>	<u>2018</u>
Balance, Beginning of Year	\$ 177,516	\$ 196,501
Reciprocal Transfers	0	0
Reinvestment of Allocation	0	0
Distribution	( 9,351)	( 9,127)
Net Investment Income (Loss)	<u>35,276</u>	<u>( 9,858)</u>
Balance, End of Year	<u>\$ 203,441</u>	<u>\$ 177,516</u>
Total Investments with Donor Restrictions	<u>\$ 204,167</u>	<u>\$ 178,163</u>

Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. Fair values are determined by reference to quoted market prices and other relevant information generated by market transactions. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Restricted gains and investment income whose restrictions are met in the same reporting period are reported as without donor restrictions.

Both the Communities Foundation of Oklahoma and the Oklahoma City Community Foundation also receive donations designated for CCFI by other donors. Both Foundations have been granted variance power and have the authority to distribute those donations as they see fit; therefore, those donations are not reflected in the Organization's financial statements. The corpus of the funds may not be withdrawn; however, income distributed to the organization by the funds may be used for any purpose. The interest in the endowment funds is recorded in the financial statements in accordance with generally accepted accounting principles and relevant funding agreements. The market value of investments attributable to third-party donors held by the Oklahoma City Community Foundation equaled \$141,344 and \$122,054 at December 31, 2019 and 2018 respectively.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

**Endowment Investment and Spending Policies** – The Foundations have adopted investment and spending policies, approved by their respective Boards of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The primary objective of the investments will be to provide for long-term return growth of principle and income without undue exposure to risk enabling the Foundations to make grants on a continuing and reasonably consistent basis. Therefore, the focus is on consistent long-term capital appreciation, with income generation as a secondary consideration. The Foundations' target is a diversified asset allocation that will enable the foundations to achieve their long-term return objectives within prudent risk parameters.

**Accounts Receivable** – Accounts receivable consists of requests for advances and/or reimbursements to grantor and pass-through agencies for grant funds, as well as balances due from individuals and organizations for program fees.

**Pledges Receivable** – Pledges (promises to give) are recognized when the donor makes a promise to give to CCFI that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Pledges receivable at December 31<sup>st</sup> were as follows:

	<u>2019</u>	<u>2018</u>
Due in 1 year	\$ 290,682	\$ 439,458
Due in 2 – 5 years	273,145	440,287
Due in 5 – 10 years	<u>32,641</u>	<u>30,600</u>
Total	<u>\$ 596,468</u>	<u>\$ 910,345</u>

**Reserve for Uncollectible Pledges** – CCFI uses the allowance method to determine uncollectible promises receivable. This reserve has been established to more accurately reflect the value of pledges receivable. Based on historical information and trend analysis, management established this reserve at 11.7% of total pledges receivable at December 31, 2019 and 6.7% of total pledges receivable at December 31, 2018. The reserve account equaled \$69,836 on December 31, 2019 and \$63,304 on December 31, 2018.

**Property and Equipment** – Acquisitions of property and equipment are stated at cost at date of acquisition or fair value at date of donation or contribution. Expenditures for maintenance and repairs are charged to expense as incurred. Assets costing \$5,000 or more are capitalized using the straight-line method based on the estimated useful life of the asset.

**Inventory** – Inventories are stated at the lower of cost or market value and consist of diapers, formula and other items donated to be distributed to charitable beneficiaries at the Organization's discretion.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

**Cost Allocation** – The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are charged directly to the programs for which work has been done based on estimates of time and effort. Occupancy costs are allocated on a square footage basis and other costs such as supplies, printing, travel, etc. which cannot be specifically identified to a program or supporting function are allocated to programs based on each program's direct salaries to total salaries expense. Allocation percentages are developed during the budget process.

**Concentrations of Credit Risk** – Financial instruments that potentially expose CCFI to concentrations of credit risk consist of cash, accounts receivable, and pledges receivable. Cash is deposited in high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation. Accounts receivable consist of billings made to grantor agencies for services rendered or under the terms of the various grants and contracts and are considered to be fully collectible. As previously discussed, CCFI has established a reserve for uncollectible pledges to more accurately report risks associated with its pledges receivable.

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Comparative Information** – The financial statements include certain 2018 comparative information. With respect to the statement of activities, such prior information is not presented by net asset class. In the statement of functional expenses, 2018 expenses by object are presented in total rather than by function category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018 from which the summarized information was derived.

**Income Taxes and Uncertain Tax Positions**

**Income Tax Status** – The Organization qualifies as an organization exempt from income taxes 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. From time to time, the Organization has unrelated business income related to contracts with the Oklahoma Department of Mental Health and Substance Abuse Services to provide consulting services to Griffin Memorial Hospital and Central Oklahoma Mental Health Center. Revenues totaling \$27,508 were received for these services in 2019. No accrual has been made to accrue a liability for unrelated business income tax, as any amount due is considered to be immaterial to the financial statements.

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. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2019.



CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Organization has no open examinations with the Internal Revenue Service or the Oklahoma Tax Commission.

**Recently Issued Accounting Pronouncements** – In February 2016, the FASB issued *ASU No. 2016-02, Leases (Topic 842)*, which requires the recognition of lease assets and lease liabilities by lessees for all leases, including leases previously classified as operating leases, and modifies the classification criteria and accounting sales-type and direct financing leases by lessors. Leases continue to be classified as finance or operating leases by lessees and both classifications require the recognition of a right of use asset and a lease liability initially measured at the present value of the lease payments in the statement of financial position. Interest on the lease liability and the amortizations of the right-of-use asset are recognized separately in the statement of activity for finance leases and as a single lease cost recognized on the straight-line basis over the lease term for operating leases. The standard is effective using a modified retrospective approach for fiscal years beginning after December 15, 2020 and early adoption is permitted. The Board is currently evaluating the impact the standard will have on its financial statements.

**NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects CCFI's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or board mandated restriction within one year of the statement of financial position date. Donor-restricted resources are available to support general expenditures to the extent that restrictions on those resources will be met by conducting the normal activities of CCFI's programs in the coming year.

	<u>2019</u>	<u>2018</u>
Financial assets at year end	\$ 1,272,061	\$ 1,615,076
Less those unavailable for general expenditures within one year		
Pledges receivable due in more than one year	( 305,787)	( 470,888)
Donor restricted investments	( 204,167)	( 178,163)
Board designated reserves:		
For operations	( 174,494)	( 174,494)
For maintenance	( 38,661)	( 26,911)
For unemployment	( 18,487)	( 1,823)
Retirement forfeitures	( 1,887)	( 14)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 528,578</u>	<u>\$ 762,783</u>

As part of CCFI's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically, money market funds. In addition, the Organization has access to a \$500,000 line of credit for operating funds. To date, no draws have been made on this line of credit.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 4: PROPERTY AND EQUIPMENT

Activity related to property and equipment is identified below.

	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/19</u>
Buildings	\$ 3,221,173	\$ 0	\$ 0	\$ 3,221,173
Furniture and Fixtures	21,256	0	0	21,256
Office Equipment	5,852	0	0	5,852
Play Equipment	<u>71,571</u>	<u>0</u>	<u>0</u>	<u>71,571</u>
	3,319,852	<u>\$ 0</u>	<u>\$ 0</u>	3,319,852
Less Accumulated Depreciation	<u>( 325,494)</u>	<u>\$( 75,639)</u>	<u>\$ 0</u>	<u>( 401,133)</u>
Net Property and Equipment	<u>\$ 2,994,358</u>			<u>\$ 2,918,719</u>

Current year depreciation expense equaled \$75,639.

NOTE 5: LONG-TERM DEBT

1) The organization is party to a \$1 million line of credit (LOC) with a local bank which has been utilized for capital construction costs. This LOC bears a 5% variable interest rate and has a 3-year term, maturing in May 2021. Outstanding principal and all accrued unpaid interest are due May 31, 2021. Borrower is to pay regular semi-annual payments of all accrued unpaid interest beginning November 30, 2018 with subsequent payments due each half-year after that.

2) CCFI is party to a \$500,000 line of credit (LOC) with a local bank. This LOC bears a 5% variable interest rate and matures June 2021. The LOC is to be used for operations as needed. To date, no draws have been made on this LOC.

	<u>Balance</u> <u>12/31/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/19</u>
Note 1	\$ <u>246,693</u>	\$ <u>0</u>	\$ <u>175,000</u>	\$ <u>71,693</u>
Total	\$ <u>246,693</u>	\$ <u>0</u>	\$ <u>175,000</u>	\$ <u>71,693</u>

Future debt service requirements equal:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 0	\$ 3,585	\$ 3,585
2021	<u>71,693</u>	<u>1,793</u>	<u>73,486</u>
	<u>\$ 71,693</u>	<u>\$ 5,378</u>	<u>\$ 77,071</u>

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

**NOTE 6 FAIR VALUE MEASUREMENT**

The definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Fair value is defined as the amount that would be received from the sale of an asset or paid for the transfers of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs.

Level 1: Quoted Prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spread and credit risk).

Level 3: Significant unobservable inputs (including the organization's own assumptions in determining the fair value of investments).

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31<sup>st</sup> are as follows:

Fiscal year ended December 31, 2019

<u>Description</u>	<u>Fair Value</u>	<b>Quoted Prices In Active Markets for Identical Assets (Level 1)</b>	<b>Other Significant Observable Inputs (Level 2)</b>
Investments:			
Community Foundation of Oklahoma	\$ 726	\$ 726	\$ 0
Oklahoma City Community Foundation	<u>203,441</u>	<u>203,441</u>	<u>0</u>
Total Investments	<u>\$ 204,167</u>	<u>\$ 204,167</u>	<u>\$ 0</u>

Fiscal year ended December 31, 2018

<u>Description</u>	<u>Fair Value</u>	<b>Quoted Prices In Active Markets for Identical Assets (Level 1)</b>	<b>Other Significant Observable Inputs (Level 2)</b>
Investments:			
Common Stock	\$ 55,209	\$ 55,209	\$ 0
Community Foundation of Oklahoma	647	647	0
Oklahoma City Community Foundation	<u>177,516</u>	<u>177,516</u>	<u>0</u>
Total Investments	<u>\$ 233,372</u>	<u>\$ 233,372</u>	<u>\$ 0</u>

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: CONCENTRATIONS

CCFI derives a significant amount of its revenue from service contracts and grants from federal and state agencies. A significant reduction in the level of revenue from these agencies could have a material effect on the organization's programs, activities and operations.

NOTE 8: DONATED MATERIALS AND SERVICES

Donated materials and services are reflected as contributions at their estimated value on the date of receipt based on industry standards. The financial statements include the following in-kind donations:

	<u>2019</u>	<u>2018</u>
Space	\$ 16,800	\$ 30,240
Donated Goods	45,845	50,187
Professional Services	<u>0</u>	<u>2,672</u>
Total	<u>\$ 62,645</u>	<u>\$ 83,099</u>

Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. Volunteers provided 9,206 hours of non-professional services in 2019 and 7,712 hours in 2018.

NOTE 9: BOARD DESIGNATED NET ASSETS

Management has designated a portion of net assets without donor restrictions for the following uses:

	<u>2019</u>	<u>2018</u>
Operating Reserve	\$ 174,494	\$ 174,494
Maintenance Reserve	38,661	26,911
Unemployment Reserve	<u>18,487</u>	<u>1,823</u>
Total Designated Net Assets Without Donor Restrictions	<u>\$ 231,642</u>	<u>\$ 203,228</u>

NOTE 10: CONTINGENCIES

In the normal course of operations, CCFI receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of the funds. Any liability for a reimbursement which may arise as the result of the audits of the grant funds is not believed to be material.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

NOTE 11: COMPENSATED ABSENCES

The organization recognizes its obligation relating to employees' rights to receive compensation for future absences attributable to services already rendered. Amounts accrued have been derived from the payroll system and estimated based on hours of leave accrued. The organization's liability for compensated absences equaled \$30,515 on December 31, 2019 and \$36,264 on December 31, 2018.

NOTE 12: EMPLOYEE BENEFIT PLANS

IRC Section 125 Flexible Benefits Plan – The organization maintains a cafeteria plan under Section 125 of the Internal Revenue Code. The benefits offered are medical expense reimbursement and dependent care reimbursement. An employee is eligible to participate if he/she works a minimum of 20 hours per week and may become a participant on the first day of the month following 30 days of employment.

IRC Section 403(b) Plan – CCFI's basic employer contribution plan is an ERISA 403(b) defined contribution plan. Employees are eligible to participate if they work at least 20 hours per week. Eligibility, benefits, definitions and requirements are determined by the Plan Agreement.

The Board of Directors may provide a non-elective employer retirement contribution, based on available financial resources, by a percentage to be determined by the Board, of each employee's annual salary. The employer contribution is authorized by the Board of Directors as part of the annual budget process and, like all items within the budget, is subject to change at any time by the Board of Directors depending on the financial status and needs of the Center for Children and Families, Inc. Additionally, the employee may choose to contribute up to 2% of their annual wages to be eligible for up to 2% employer match. Employer contributions for the years ended December 31, 2019 and 2018 equaled \$29,145 and \$42,242 respectively.

NOTE 13 SUBSEQUENT EVENTS

In early March 2020, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. The outbreak in the United States has caused business disruption through mandated and voluntary closing of service sites and restrictions placed on delivery of services. While the disruption is currently expected to be temporary, the extent of the impact of COVID-19 on our operations and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our clients, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Management of CCFI has evaluated subsequent events through April 20, 2020, which is the date the financial statements were available to be issued.

# Saunders & Associates, PLLC

## Certified Public Accountants

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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  
Center for Children & Families, Inc.

We have audited, in accordance with the 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 Center for Children & Families, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 20, 2020.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Center for Children & Families, Inc.'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 Center for Children & Families, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Center for Children & Families, Inc.'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 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 Center for Children & Families, Inc.'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*.

**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 Center for Children & Families, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Center for Children & Families, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Saunders & Associates, PLLC*

SAUNDERS & ASSOCIATES, PLLC  
Certified Public Accountants  
Ada, Oklahoma

April 20, 2020

SUPPLEMENTAL INFORMATION



CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

SCHEDULE OF EXPENDITURES OF STATE AND FEDERAL AWARDS

For the Year Ended December 31, 2019

**State Funding:**

Program Title/Source	Award	Expenditures
<u>Oklahoma Department of Human Services</u>		
Parent's Assistance Program:		
Child Abuse Prevention (18-19)	\$ 84,500	\$ 49,306
Child Abuse Prevention (19-20)	84,500	57,177
Access and Visitation Services (18-19)	22,680	5,247
Access and Visitation Services (19-20)	22,680	5,344
Youth Mentoring Incentive Grant (18-19)	8,870	6,523
Youth Mentoring Incentive Grant (19-20)	10,169	3,482
Total Oklahoma Department of Human Services		127,079
 <u>Oklahoma Department of Mental Health</u>		
Divorce Counseling and Support (18-19)	88,851	46,827
Divorce Counseling and Support (19-20)	14,808	13,118
Health & Fitness Grant (18-19)	6,429	5,024
Health & Fitness Grant (19-20)	5,921	1,480
Total Oklahoma Department of Mental Health		66,449
TOTAL EXPENDITURES OF STATE AWARDS		\$ 193,528
 <b>Federal Funding:</b>		
<u>U. S. Department of Justice</u>		
Passed Through Oklahoma District Attorney's Council:		
VOCA Program (18-19)	338,997	\$ 239,195
VOCA Program (19-20)	346,610	91,983
Total U. S. Department of Justice		331,178
 <u>Corporation for National and Community Service</u>		
Passed Through Oklahoma Community Service Commission:		
AmeriCorps (18-19)	29,200	26,133
Total Corporation for National and Community Services		26,133
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 357,311

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

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

STATUS OF PRIOR AUDIT FINDINGS

December 31, 2019

None reported.

CENTER FOR CHILDREN & FAMILIES, INC.  
Norman, Oklahoma

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2019

None reported.