

RESONANCE

Helping Women Change. For Good.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Resonance Center for Women, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Resonance Center for Women, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Resonance Center for Women, Inc. as of and for the years ended December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards 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 audits 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 May 26, 2020, on our consideration of Resonance Center for Women, Inc.'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 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 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 Resonance Center for Women, Inc.'s internal control over financial reporting and compliance.

Change in Accounting Principle

As discussed in Note A to the financial statements, in 2019 Resonance Center for Women, Inc. adopted Accounting Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, and FASB Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Conklin, Gilpin & Wertz, P.L.L.C.

CONKLIN, GILPIN & WERTZ, P.L.L.C.
Certified Public Accountants

May 26, 2020

Tulsa, Oklahoma

RESONANCE CENTER FOR WOMEN, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 692,292 | \$ 668,470 |
| Accounts receivable | 78,930 | 9,457 |
| Promises to give, current | 142,625 | 20,000 |
| Prepaid expenses | 27,581 | 25,991 |
| Total current assets | <u>941,428</u> | <u>723,918</u> |
| NONCURRENT ASSETS | | |
| Promise to give, less current portion | - | 19,044 |
| Investments | 341,828 | 259,635 |
| Beneficial interest in assets held by Tulsa Community Foundation | 151,025 | 125,986 |
| Property and equipment, net of depreciation | 255,575 | 277,975 |
| Total noncurrent assets | <u>748,428</u> | <u>682,640</u> |
| TOTAL ASSETS | <u>\$ 1,689,856</u> | <u>\$ 1,406,558</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 10,021 | \$ 11,321 |
| Accrued payroll | 15,732 | 11,420 |
| Current portion of loan payable | 3,128 | 3,009 |
| Total current liabilities | <u>28,881</u> | <u>25,750</u> |
| Loan payable, net of current portion | 6,632 | 9,760 |
| Total liabilities | <u>35,513</u> | <u>35,510</u> |
| NET ASSETS | | |
| Without donor restrictions | 1,215,849 | 940,233 |
| With donor restrictions | 438,494 | 430,815 |
| Total net assets | <u>1,654,343</u> | <u>1,371,048</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,689,856</u> | <u>\$ 1,406,558</u> |

RESONANCE CENTER FOR WOMEN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|------------------------------------|----------------------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Contributions | \$ 257,915 | \$ 535,331 | \$ 793,246 |
| Federal and state contracts | 511,371 | - | 511,371 |
| Program fees | 12,770 | - | 12,770 |
| Take 2 food sales | 210,598 | - | 210,598 |
| Net investment return | 107,504 | - | 107,504 |
| Other income | 2,791 | - | 2,791 |
| | <u>1,102,949</u> | <u>535,331</u> | <u>1,638,280</u> |
| Gross special event revenue | 177,061 | - | 177,061 |
| Less cost of direct benefits to donors | <u>(5,949)</u> | <u>-</u> | <u>(5,949)</u> |
| Net special event revenue | <u>171,112</u> | <u>-</u> | <u>171,112</u> |
| Net assets released from restrictions | <u>527,652</u> | <u>(527,652)</u> | <u>-</u> |
| TOTAL PUBLIC SUPPORT AND REVENUE | <u>1,801,713</u> | <u>7,679</u> | <u>1,809,392</u> |
| EXPENSES | | | |
| Program services | 1,288,063 | - | 1,288,063 |
| Management and general | 54,597 | - | 54,597 |
| Fundraising | <u>183,437</u> | <u>-</u> | <u>183,437</u> |
| TOTAL EXPENSES | <u>1,526,097</u> | <u>-</u> | <u>1,526,097</u> |
| INCREASE IN NET ASSETS | <u>275,616</u> | <u>7,679</u> | <u>283,295</u> |
| NET ASSETS, BEGINNING OF YEAR | <u>940,233</u> | <u>430,815</u> | <u>1,371,048</u> |
| NET ASSETS, END OF YEAR | <u>\$ 1,215,849</u> | <u>\$ 438,494</u> | <u>\$ 1,654,343</u> |

RESONANCE CENTER FOR WOMEN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---|------------------------------------|----------------------------|
| PUBLIC SUPPORT AND REVENUE | | | |
| Contributions | \$ 240,850 | \$ 541,044 | \$ 781,894 |
| Federal and state contracts | 282,379 | - | 282,379 |
| Program fees | 18,025 | - | 18,025 |
| Take 2 food sales | 261,094 | - | 261,094 |
| Net investment return | (18,693) | - | (18,693) |
| Other income | 13,785 | - | 13,785 |
| | <u>797,440</u> | <u>541,044</u> | <u>1,338,484</u> |
| Gross special event revenue | 177,419 | - | 177,419 |
| Less cost of direct benefits to donors | <u>(13,185)</u> | <u>-</u> | <u>(13,185)</u> |
| Net special event revenue | <u>164,234</u> | <u>-</u> | <u>164,234</u> |
| Net assets released from restrictions | <u>407,221</u> | <u>(407,221)</u> | <u>-</u> |
| TOTAL PUBLIC SUPPORT AND REVENUE | <u>1,368,895</u> | <u>133,823</u> | <u>1,502,718</u> |
| EXPENSES | | | |
| Program services | 1,219,347 | - | 1,219,347 |
| Management and general | 52,613 | - | 52,613 |
| Fundraising | <u>169,674</u> | <u>-</u> | <u>169,674</u> |
| TOTAL EXPENSES | <u>1,441,634</u> | <u>-</u> | <u>1,441,634</u> |
| (DECREASE) INCREASE IN NET ASSETS | <u>(72,739)</u> | <u>133,823</u> | <u>61,084</u> |
| NET ASSETS, BEGINNING OF YEAR | <u>1,012,972</u> | <u>296,992</u> | <u>1,309,964</u> |
| NET ASSETS, END OF YEAR | <u>\$ 940,233</u> | <u>\$ 430,815</u> | <u>\$ 1,371,048</u> |

RESONANCE CENTER FOR WOMEN, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

| | <u>2019</u> | <u>2018</u> |
|--|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 283,295 | \$ 61,084 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 57,835 | 58,783 |
| Net realized and unrealized (gains) losses on investments and beneficial interest in assets held by Tulsa Community Foundation | (107,232) | 18,882 |
| Changes in assets and liabilities: | | |
| Change in accounts receivable | (69,473) | 40 |
| Change in prepaid expenses | (1,590) | (12,834) |
| Change in promises to give | (103,581) | (39,044) |
| Change in accounts payable and accrued expenses | (1,300) | (8,530) |
| Change in accrued payroll | 4,312 | 1,496 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>62,266</u> | <u>79,877</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | <u>(35,435)</u> | <u>(8,552)</u> |
| NET CASH USED IN INVESTING ACTIVITIES | <u>(35,435)</u> | <u>(8,552)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments on loan payable | <u>(3,009)</u> | <u>(2,893)</u> |
| NET CASH USED IN FINANCING ACTIVITIES | <u>(3,009)</u> | <u>(2,893)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 23,822 | 68,432 |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>668,470</u> | <u>600,038</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u><u>\$ 692,292</u></u> | <u><u>\$ 668,470</u></u> |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Interest paid | \$ 443 | \$ 578 |

RESONANCE CENTER FOR WOMEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

| | Program Services | | | | Total Program Services | Management and General | Fundraising | Total |
|--|----------------------|----------------------|------------------|-----------------|------------------------------|---------------------------|------------------|--------------------|
| | Clinical Services | Re-Entry Services | Take 2 Café | ADSAC | | | | |
| Salaries | \$260,548 | \$247,438 | \$151,017 | \$12,813 | 671,816 | \$29,524 | \$79,386 | \$780,726 |
| Payroll taxes | 20,724 | 20,498 | 11,437 | 1,038 | 53,697 | 2,879 | 6,673 | 63,249 |
| Employee benefits | 25,435 | 21,745 | 13,507 | 1,188 | 61,875 | 3,275 | 5,097 | 70,247 |
| Total salaries and related benefits | 306,707 | 289,681 | 175,961 | 15,039 | 787,388 | 35,678 | 91,156 | 914,222 |
| Employee recognition and development | 5,180 | 4,312 | 1,387 | 380 | 11,259 | 1,205 | 1,443 | 13,907 |
| Professional fees | 14,609 | 79,854 | 13,253 | 848 | 108,564 | 1,631 | 2,854 | 113,049 |
| Cost of food sales | - | - | 79,523 | - | 79,523 | - | - | 79,523 |
| Facility expense | 20,226 | 9,549 | 93,825 | 1,513 | 125,113 | 3,208 | 5,744 | 134,065 |
| Liability expense | 2,363 | 1,000 | 958 | 182 | 4,503 | 364 | 636 | 5,503 |
| Equipment | 11,811 | 5,790 | 21,087 | 445 | 39,133 | 1,057 | 5,118 | 45,308 |
| Supplies and postage | 12,097 | 15,595 | 5,221 | 1,184 | 34,097 | 1,012 | 1,523 | 36,632 |
| Communications expense | 1,690 | 3,458 | 1,727 | 218 | 7,093 | 844 | 426 | 8,363 |
| Automobile and travel | 7,811 | 17,164 | 3,001 | 151 | 28,127 | 1,965 | 2,676 | 32,768 |
| Subscriptions and dues | 698 | 408 | 423 | 44 | 1,573 | 855 | 618 | 3,046 |
| Marketing and printing | 190 | 185 | 2,083 | 15 | 2,473 | 635 | 59,626 | 62,734 |
| Public assistance expense | 2,981 | 10,183 | - | - | 13,164 | - | - | 13,164 |
| Other expense | 45 | 22 | (4,593) | 57 | (4,469) | 1,489 | 8,958 | 5,978 |
| Total expenses before depreciation | 386,408 | 437,201 | 393,856 | 20,076 | 1,237,541 | 49,943 | 180,778 | 1,468,262 |
| Depreciation expense | 17,286 | 7,313 | 24,593 | 1,330 | 50,522 | 4,654 | 2,659 | 57,835 |
| Total expenses | \$403,694 | \$444,514 | \$418,449 | \$21,406 | \$1,288,063 | \$54,597 | \$183,437 | \$1,526,097 |

RESONANCE CENTER FOR WOMEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

| | Program Services | | | | Total Program Services | Management and General | Fundraising | Total |
|--------------------------------------|----------------------|----------------------|------------------|-----------------|------------------------------|---------------------------|------------------|--------------------|
| | Clinical Services | Re-Entry Services | Take 2 Café | ADSAC | | | | |
| Salaries | \$257,598 | \$134,643 | \$163,717 | \$21,031 | \$576,989 | \$28,881 | \$64,350 | \$670,220 |
| Payroll taxes | 20,048 | 10,680 | 11,761 | 1,681 | 44,170 | 2,284 | 5,244 | 51,698 |
| Employee benefits | 40,137 | 13,842 | 16,367 | 1,346 | 71,692 | 3,673 | 7,135 | 82,500 |
| Total salaries and related benefits | 317,783 | 159,165 | 191,845 | 24,058 | 692,851 | 34,838 | 76,729 | 804,418 |
| Employee recognition and development | 8,372 | 4,645 | 635 | 1,063 | 14,715 | 1,922 | 2,360 | 18,997 |
| Professional fees | 11,256 | 76,500 | 12,263 | 1,065 | 101,084 | 1,661 | 7,298 | 110,043 |
| Cost of food sales | - | - | 109,547 | - | 109,547 | - | - | 109,547 |
| Facility expense | 20,764 | 8,840 | 95,903 | 1,590 | 127,097 | 3,189 | 5,569 | 135,855 |
| Liability expense | 2,296 | 972 | 4,383 | 177 | 7,828 | 353 | 618 | 8,799 |
| Equipment | 13,338 | 3,511 | 17,585 | 435 | 34,869 | 948 | 5,592 | 41,409 |
| Supplies and postage | 12,663 | 10,032 | 5,684 | 1,612 | 29,991 | 817 | 1,687 | 32,495 |
| Communications expense | 1,604 | 1,120 | 1,804 | 231 | 4,759 | 816 | 377 | 5,952 |
| Automobile and travel | 6,380 | 11,874 | 2,543 | 145 | 20,942 | 1,524 | 2,034 | 24,500 |
| Subscriptions and dues | 1,355 | 204 | 580 | 26 | 2,165 | 2,907 | 850 | 5,922 |
| Marketing and printing | 133 | 99 | 940 | 42 | 1,214 | 536 | 53,555 | 55,305 |
| Public assistance expense | 3,115 | 17,037 | - | 75 | 20,227 | - | - | 20,227 |
| Other expense | 120 | 307 | - | 77 | 504 | 473 | 8,405 | 9,382 |
| Total expenses before depreciation | 399,179 | 294,306 | 443,712 | 30,596 | 1,167,793 | 49,984 | 165,074 | 1,382,851 |
| Depreciation expense | 17,085 | 7,228 | 25,927 | 1,314 | 51,554 | 2,629 | 4,600 | 58,783 |
| Total expenses | <u>\$416,264</u> | <u>\$301,534</u> | <u>\$469,639</u> | <u>\$31,910</u> | <u>\$1,219,347</u> | <u>\$52,613</u> | <u>\$169,674</u> | <u>\$1,441,634</u> |

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

A – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Resonance Center for Women, Inc. (Resonance) is an Oklahoma non-profit organization formed to promote and support the well-being and self-sufficiency of women and their families challenged by their experience with the criminal justice system. Resonance generates its revenue primarily through private donations from individuals, corporations and foundations; grants from governmental entities and others; and fundraising activities.

Program services include:

Clinical services include outpatient, recovery-oriented treatment for women struggling with substance abuse who have been referred to Resonance through various state and local diversion programs. Therapists work one on one and in group settings to identify the root causes that lead these women into drug and alcohol lifestyles, which lead to the loss of jobs, children, and homes, as well as to the potential for incarceration.

Re-entry support services are offered to non-violent offenders about to transition from prison back into society. The tools and resources provided are designed to reinforce the skills necessary for these women to live self-sufficiently, serve as role models for their children, and pursue positive courses in life.

In March 2016, Resonance expanded its re-entry services by opening Take 2: A Resonance Café (Take 2), a restaurant that serves as a work training program for women transitioning out of prison. Take 2 offers participants a safe, positive, and educational work environment as well as housing in loft space above the restaurant.

Resonance also provides Alcohol and Drug Substance Abuse Courses (ADSAC) assessments, including 10- and 24-hour DUI classes, as mandated by the judicial system in order for participants to have drivers' licenses reinstated.

Cash and cash equivalents

For purposes of the statements of cash flows, Resonance considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Receivables and credit policies

Accounts receivable at December 31, 2019 and 2018, consists mainly of amounts due to Resonance for services performed under governmental grants. Resonance considers accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is required. Accounts receivable are short-term, non-interest bearing, and uncollateralized.

Promises to give

Resonance records unconditional contributions receivable that are expected to be collected within one year at net realizable value. Unconditional contributions receivable expected to be collected in future years, if any, are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Resonance determines the allowance for uncollectable unconditional contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Unconditional contributions receivables are written off when deemed uncollectable. At December 31, 2019, Resonance considers all unconditional contributions receivable to be collectible and therefore no allowance has been provided.

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

A – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Investments

Investment purchases are recorded at cost, or if donated, at fair market value on the date of the donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Beneficial interest in assets held by Tulsa Community Foundation

Resonance has an endowment fund with Tulsa Community Foundation (the Foundation), an Oklahoma not-for-profit corporation and community foundation. The mutual intent of Resonance and the Foundation is to create a permanent endowment for the benefit of Resonance. Investment management policies are directed by the Foundation.

The funds are reported at fair value in the statements of financial position with distributions and changes in value recorded in the statements of activities as a component of net investment return. The fair value of Resonance's contributions to the Foundation was \$151,025 and \$125,986 at December 31, 2019 and 2018, respectively. The Foundation has also received contributions for the benefit of Resonance that are not recorded in Resonance's financial statements, because they were contributed by third parties directly to the Foundation. The fair value of funds held by the Foundation for the benefit of Resonance, but not reported as an asset, was \$35,659 and \$29,747 at December 31, 2019 and 2018, respectively.

The Foundation has variance power over all funds held by the Foundation for the benefit of Resonance. Under its variance power, the Foundation's trustees may modify any restrictions or conditions on distributions from the fund if, in the sole judgement of the trustees, the restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Foundation.

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation. Donated property and equipment is recorded at fair value on the date of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 31 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Maintenance, repairs and minor replacements are expensed.

Resonance reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. No impairments were recorded in 2019 or 2018.

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Resonance's management and the Board of Trustees.

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

A – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Net assets (continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Resonance or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Revenue recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. All goods and services are transferred at a point in time. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Revenue for services performed under various state contracts are recognized as expenses are incurred.

Functional allocation of expenses

The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services. Salaries, payroll taxes, and employee benefits are allocated based on time studies performed by Resonance. All other expense categories are allocated based on estimates of usage by each program or supporting service.

Income taxes

Resonance is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a) of the Code. As a result, as long as Resonance maintains its tax exemption, and does not engage in business activities that are unrelated to its exempt purposes, it will not be subject to income tax.

Resonance files income tax returns in the U.S. federal jurisdiction and the state of Oklahoma. The statute of limitations for both federal and Oklahoma tax returns is three years, therefore tax returns filed over three years ago are no longer subject to examination.

Management 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

A – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Credit and market risk

Financial instruments that potentially subject Resonance to concentration of credit and market risk consist primarily of cash and cash equivalents, and investments.

Resonance maintains its cash and cash equivalents in Federal Deposit Insurance Corporation (FDIC) bank deposit accounts. From time to time, amounts on deposit may exceed FDIC limits or include uninsured investments in money market mutual funds. As of December 31, 2019, and 2018, Resonance's cash balances exceeded FDIC insurance limits by approximately \$466,000 and \$446,000, respectively. To date, Resonance has not experienced losses in any of these accounts.

Investments are diversified according to Resonance's investment policy and their performance is reviewed and monitored by management and the Board of Directors. Although fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of Resonance.

Change in accounting principle

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all previous revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for determining when revenue is recognized over time or at a point in time, and expand disclosures about revenue recognition. Resonance has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. Resonance implemented Topic 606 retrospectively, and the implementation did not change net assets as of January 1, 2018.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information about not-for-profit entities. The change in accounting principle was adopted prospectively in 2019.

New accounting pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position of all leases with terms longer than twelve months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the consolidated statement of income. The new standard is effective for fiscal year beginning after December 15, 2020, including interim periods within those fiscal years. Resonance will be evaluating the impact this standard will have on its financial statements and related disclosures.

Subsequent events

Resonance has evaluated subsequent events through May 26, 2020, the date the financial statements were available to be issued.

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018

B – FAIR VALUE MEASUREMENTS

Accounting Standards Codification (ASC) Topic 820-10, Fair Value Measurements and Disclosures, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of inputs are as follows:

Level 1

- Unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2

- Quoted prices in active markets for similar assets and liabilities.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3

- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Resonance’s investment assets are classified at Level 1 as they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values. The fair value of Resonance’s beneficial interest in assets held by Tulsa Community Foundation is based on the fair value of fund investments reported by Tulsa Community Foundation.

Investments measured at fair value on a recurring basis are summarized as follows:

| | Fair Value Measurements | | |
|---|-------------------------|-------------|-------------------|
| | Level 1 | Level 2 | Level 3 |
| <u>December 31, 2019</u> | | | |
| Equity securities | \$ 341,828 | \$ - | \$ - |
| Beneficial interest in assets held by Tulsa Community Foundation | - | - | 151,025 |
| Total | <u>\$ 341,828</u> | <u>\$ -</u> | <u>\$ 151,025</u> |

| | Fair Value Measurements | | |
|---|-------------------------|-------------|-------------------|
| | Level 1 | Level 2 | Level 3 |
| <u>December 31, 2018</u> | | | |
| Equity securities | \$ 259,635 | \$ - | \$ - |
| Beneficial interest in assets held by Tulsa Community Foundation | - | - | 125,986 |
| Total | <u>\$ 259,635</u> | <u>\$ -</u> | <u>\$ 125,986</u> |

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2019 AND 2018

B – FAIR VALUE MEASUREMENTS (continued)

Below is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31:

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| Balance, January 1 | \$ 125,986 | \$ 133,624 |
| Net realized and unrealized gain/(loss) | 25,928 | (6,673) |
| Investment management fees | (889) | (965) |
| Balance, December 31 | <u>\$ 151,025</u> | <u>\$ 125,986</u> |

C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

| | <u>2019</u> | <u>2018</u> |
|--------------------------------------|-------------------|-------------------|
| Land | \$ 26,000 | \$ 26,000 |
| Buildings and leasehold improvements | 777,792 | 777,792 |
| Equipment | 151,734 | 140,375 |
| Furniture and fixtures | 42,627 | 42,627 |
| Vehicles | 88,739 | 67,539 |
| | 1,086,892 | 1,054,333 |
| Accumulated depreciation | <u>(831,317)</u> | <u>(776,358)</u> |
| Property and equipment, net | <u>\$ 255,575</u> | <u>\$ 277,975</u> |

Depreciation expense was \$57,835 and \$58,783 for 2019 and 2018, respectively.

D – PROMISES TO GIVE

Promises to give consist of amounts due from foundations, recorded at present value. Long-term portions are reported net of a discount to present value, using a rate of 2.48%. Resonance has determined an allowance for uncollectable promises to give is not necessary.

E – LOAN PAYABLE

The loan payable consists of a vehicle loan due in monthly installments of \$260, including interest at 3.89% per annum, and maturing January 2023. The loan is secured by the vehicle, with a carrying value of \$15,662, and matures as follows:

| | |
|------|-----------------|
| 2020 | \$ 3,128 |
| 2021 | 3,252 |
| 2022 | 3,380 |
| | <u>\$ 9,760</u> |

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Re-entry services | \$ 405,692 | \$ 295,369 |
| Clinical services | 4,975 | 92,619 |
| Time restricted - promise to give | 19,044 | 39,044 |
| Property and equipment purchases | <u>8,783</u> | <u>3,783</u> |
| Total subject to expenditure for specified purpose or period | <u>\$ 438,494</u> | <u>\$ 430,815</u> |

Net assets released from donor restrictions were as follows for the year ending December 31:

| | <u>2019</u> | <u>2018</u> |
|---------------------------------------|-------------------|-------------------|
| Re-entry | \$ 334,433 | \$ 282,702 |
| Clinical | 87,644 | 88,519 |
| Time restricted - promise to give | 20,000 | - |
| Take 2 | 60,000 | 32,000 |
| Property and equipment purchases | <u>25,575</u> | <u>4,000</u> |
| Total released from donor restriction | <u>\$ 527,652</u> | <u>\$ 407,221</u> |

G – LEASES

Resonance leases office equipment under an operating lease expiring in November 2020. Resonance also entered into a real estate operating lease in late 2015 for the Take 2 restaurant location and loft housing above the restaurant; the lease commenced in March 2016, with both the restaurant and loft housing portion expiring in February 2021.

Total lease expense was \$73,848 and \$73,688 for the years ended December 31, 2019 and 2018, respectively, and is included with lease expense on the Statements of Functional Expenses.

Future minimum lease payments are as follows:

| <u>Year ending December 31,</u> | |
|---------------------------------|------------------|
| 2020 | \$ 73,554 |
| 2021 | <u>5,860</u> |
| Total minimum lease payments | <u>\$ 79,414</u> |

H – EMPLOYEE BENEFITS

Resonance sponsors a 401(k) defined contribution plan in which employees who have attained age 21 may voluntarily contribute a percentage of their earnings, up to the maximum contribution allowed under the Internal Revenue Code. Discretionary employer contributions are determined and authorized by the Board of Directors each year. No discretionary employer contributions were made during 2019 and 2018.

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018

I – CONCENTRATIONS

A substantial portion of Resonance’s support and revenue is derived from various grants and contracts which depend directly or indirectly, on continued funding from state and federal contracts. Resonance also received approximately 36% and 29%, respectively, of its total contributions from one donor for the years ended December 31, 2019 and 2018. The loss of these funds or extended delays of the receipt of these funds could adversely impact the clinical programs of Resonance.

J – LIQUIDITY AND AVAILABILITY OF RESOURCES

Resonance’s financial assets available for general expenditure within one year of the December 31, 2019 statement of financial position are as follows.

| | |
|--|-------------------|
| Cash and cash equivalents | \$ 692,292 |
| Promises to give | 142,625 |
| Accounts receivable | <u>78,930</u> |
| Total financial assets available within one year | 913,847 |
| Less: | |
| Amounts unavailable for general expenditures within one year, due to: | |
| Restricted by donors with purpose restrictions | <u>419,450</u> |
| Total financial assets available to management for general expenditure within one year | <u>\$ 494,397</u> |

Resonance maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Resonance follows the recommended practice of having a three-month cash availability to cover daily operating expenses, including payroll.

K – CURRENT ECONOMIC CONDITIONS

On January 30, 2020, the World Health Organization declared a public health emergency related to an outbreak of the COVID-19 virus. Along with significant declines in financial markets, the public health emergency creates uncertain economic conditions.

Specifically, the Organization’s investments have experienced unrealized losses and Take 2 was closed for in-house dining for several weeks as a result of the City of Tulsa’s provisions.

The Organization received a loan for \$182,200 through the Paycheck Protection Program (PPP), established by the CARES Act and implemented by the Small Business Administration. If certain criteria are met (such as spending the loan for eligible payroll costs and benefits, among others), the loan may be forgiven.

In addition, should these conditions persist, the Organization could be impacted by loss of program service and contribution revenue. At the date the financial statements were available to be issued, it is not practicable to estimate the potential effects of these conditions on the Organization’s financial statements.

SUPPLEMENTAL INFORMATION

RESONANCE CENTER FOR WOMEN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 YEAR ENDED DECEMBER 31, 2019

| Grantor / Program Title | Contract Period | Contract Amount | Amount Recognized* |
|---|------------------------------|-----------------|--------------------|
| Oklahoma Department of Health and Substance Abuse Services: | | | |
| Medicaid | July 1, 2018 - June 30, 2019 | \$ - | \$ 42,947 |
| | July 1, 2019 - June 30, 2020 | - | 35,500 |
| TANF | July 1, 2018 - June 30, 2019 | 3,075 | 1,475 |
| | July 1, 2019 - June 30, 2020 | 2,600 | 982 |
| ChildWelfare | July 1, 2018 - June 30, 2019 | 82,309 | 54,319 |
| | July 1, 2019 - June 30, 2020 | 90,000 | 36,990 |
| 02 Contract | July 1, 2018 - June 30, 2019 | 30,000 | 7,933 |
| | July 1, 2019 - June 30, 2020 | 30,000 | 14,988 |
| Gambling Screen | July 1, 2019 - June 30, 2020 | 5,000 | 630 |
| Drug Court | July 1, 2018 - June 30, 2019 | 172,970 | 70,611 |
| | July 1, 2019 - June 30, 2020 | 152,000 | 61,823 |
| Community Sentencing CS | July 1, 2018 - June 30, 2019 | 10,891 | 5,094 |
| | July 1, 2019 - June 30, 2020 | 9,120 | 1,520 |
| CDBG | July 1, 2018 - June 30, 2019 | 25,206 | 11,257 |
| | July 1, 2019 - June 30, 2020 | 26,216 | 11,911 |
| SCA Grant | Jan. 1, 2019 - Dec. 31, 2019 | 992,224 | 153,391 |
| | | \$ 1,631,611 | \$ 511,371 |

*Amount recognized represents revenue recognized under each award in accordance with revenue recognition accounting policies outlined in Note A.

OTHER REPORT



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Shaun B. Wertz, CPA
Taylor D. Gilpin, CPA

Seth P. Carr, CPA
D. Brent Allison, CPA

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
Resonance Center for Women, 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 Resonance Center for Women, 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, and have issued our report thereon dated May 26, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Resonance Center for Women, 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 Resonance Center for Women, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Resonance Center for Women, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Conklin, Gilpin & Wertz, P.L.L.C.

CONKLIN, GILPIN & WERTZ, P.L.L.C.

Certified Public Accountants

May 26, 2020

Tulsa, Oklahoma