RESONANCE CENTER FOR WOMEN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services							
	Clinical Services	Re-Entry Services	Take 2 Café	ADSAC	Total Program Services	Management and General	Fundraising	Total
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

See accompanying notes to financial statements.

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, 2020 and 2019, 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, 2020 and 2019, Resonance considers all unconditional contributions receivable to be collectible and therefore no allowance has been provided.

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 $171,592 and $151,025 at December 31, 2020 and 2019, 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 $40,515 and $35,659 at December 31, 2020 and 2019, 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 2020 or 2019.

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.

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.

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, 2020 and 2019, Resonance's cash balances exceeded FDIC insurance limits by approximately $650,000 and $466,000, 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.

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, 2021, 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, 2021, the date the financial statements were available to be issued.

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.

B – FAIR VALUE MEASUREMENTS (continued)

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
December 31, 2020			
Equity securities	$ 449,328	$ -	$ -
Beneficial interest in assets held by Tulsa Community Foundation	-	-	171,593
Total	$ 449,328	$ -	$ 171,593
December 31, 2019			
Equity securities	$ 341,828	$ -	$ -
Beneficial interest in assets held by Tulsa Community Foundation	-	-	151,025
Total	$ 341,828	$ -	$ 151,025

C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2020	2019
Land	$ 26,000	$ 26,000
Buildings and leasehold improvements	777,792	777,792
Equipment	152,749	151,734
Furniture and fixtures	48,172	42,627
Vehicles	88,739	88,739
	1,093,452	1,086,892
Accumulated depreciation	(886,302)	(831,317)
Property and equipment, net	$ 207,150	$ 255,575

Depreciation expense was $54,984 and $57,835 for 2020 and 2019, respectively.

D – PROMISES TO GIVE

Promises to give consist of amounts due from foundations recorded at present value. Resonance has determined an allowance for uncollectable promises to give is not necessary.

E – NOTES PAYABLE

Resonance has 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 $6,632, with payments due as follows: $3,252 in 2021 and $3,380 in 2022.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act, (CARES Act) was enacted in response to the COVID-19 pandemic. In April 2020, Resonance received loan proceeds of $182,200 from a bank under the Paycheck Protection Program (PPP), which was established as part of the CARES Act. The note payable matures in April 2022, bears interest at 1%, and requires monthly principal and interest payments commencing in November 2020. Loan proceeds from the PPP loan are forgivable, after a period of time, if Resonance uses the funds for qualified expenditures through September 2020. As the loan had yet to be forgiven at December 31, 2020, Resonance elected to treat the PPP loan as a financial liability under Accounting Standards Codification (ASC) 470, Debt, and ASC 405, Liabilities. In March 2021, the lender and Small Business Administration approved forgiveness of the loan and accrued interest. Resonance reduced the liability and recorded a related revenue on that date, when it was legally released from the liability.

F – NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Re-entry services	$ 620,963	$ 405,692
Clinical services	7,735	4,975
Time restricted - promise to give	-	19,044
Property and equipment purchases	3,183	8,783
Total subject to expenditure for specified purpose or period	$ 631,881	$ 438,494

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

	2020	2019
Re-entry	$ 354,730	$ 334,433
Clinical	84,240	87,644
Time restricted - promise to give	19,043	20,000
Take 2	2,000	60,000
Property and equipment purchases	14,600	25,575
Total released from donor restriction	$ 474,613	$ 527,652

G – LEASES

Resonance leases office equipment under an operating lease expiring in September 2024. Resonance 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 July 2021. Resonance also entered into a real estate operating lease for an Oklahoma City office; the lease commenced in February 2020 and expires in October 2021.

Total lease expense was $87,228 and $73,848 for the years ended December 31, 2020 and 2019, respectively, and is included with facility and equipment expenses on the Statements of Functional Expenses.

G – LEASES (continued)

Future minimum lease payments are as follows:

Year ending December 31,	
2021	$ 46,789
2022	3,804
2023	3,804
2024	2,853
Total minimum lease payments	$ 57,250

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 2020 and 2019.

I – CONCENTRATIONS

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 35% and 36%, respectively, of its total contributions from two donors for the years ended December 31, 2020 and 2019. 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 statement of financial position are as follows for December 31:

	2020	2019
Cash and cash equivalents	$ 1,052,741	$ 692,292
Promises to give	175,000	142,625
Accounts receivable	128,434	78,930
Total financial assets available within one year	1,356,175	913,847
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	631,881	419,450
Total financial assets available to management for general expendiure within one year	$ 724,294	$ 494,397

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.

SUPPLEMENTAL INFORMATION

RESONANCE CENTER FOR WOMEN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2020

Grantor / Program Title	Contract Period	Contract Amount	Amount Recognized*
Oklahoma Department of Health and Substance Abuse Services:			
Medicaid	July 1, 2019 - June 30, 2020	$ -	$ 44,268
	July 1, 2020 - June 30, 2021	-	42,179
TANF	July 1, 2019 - June 30, 2020	1,557	575
	July 1, 2020 - June 30, 2021	2,500	-
ChildWelfare	July 1, 2019 - June 30, 2020	73,357	36,280
	July 1, 2020 - June 30, 2021	90,000	15,245
02 Contract	July 1, 2019 - June 30, 2020	33,636	18,648
	July 1, 2020 - June 30, 2021	30,000	14,435
Gambling Screen	July 1, 2019 - June 30, 2020	1,245	630
	July 1, 2020 - June 30, 2021	5,000	520
Drug Court	July 1, 2019 - June 30, 2020	99,279	46,225
	July 1, 2020 - June 30, 2021	110,000	21,928
Community Sentencing CS	July 1, 2019 - June 30, 2020	9,120	4,560
	July 1, 2020 - June 30, 2021	9,120	4,316
CDBG	July 1, 2019 - June 30, 2020	26,216	17,498
	July 1, 2020 - June 30, 2021	21,500	8,596
SCA Grant	Jan. 1, 2020 - Dec. 31, 2020	992,224	227,634
		$ 1,504,754	$ 503,537

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

OTHER REPORT

CONKLIN · GILPIN · WERTZ 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
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, 2020, 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, 2021.

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, 2021
Tulsa, Oklahoma