

RESONANCE

Helping Women Change. For Good.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016



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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 statement of financial position as of December 31, 2017 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 *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 year ended December 31, 2017, 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.

Prior Period Financial Statements

The financial statements of Resonance Center for Women, Inc. as of December 31, 2016, were audited by other auditors whose report dated May 31, 2017, expressed an unmodified opinion on those financial statements.

Other Matters

Other Information

Our audit was 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 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 May 11, 2018, 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.

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

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

Certified Public Accountants

May 11, 2018
Tulsa, Oklahoma

RESONANCE CENTER FOR WOMEN, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 600,038	\$ 562,540
Accounts receivable	9,497	10,383
Prepaid expenses	<u>13,157</u>	<u>17,330</u>
Total current assets	<u>622,692</u>	<u>590,253</u>
NONCURRENT ASSETS		
Investments	<u>270,879</u>	<u>227,752</u>
Beneficial interest in assets held by Tulsa Community Foundation	<u>133,624</u>	<u>116,061</u>
Property and equipment, net of depreciation	<u>328,206</u>	<u>363,138</u>
TOTAL ASSETS	<u>\$ 1,355,401</u>	<u>\$ 1,297,204</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 19,851	\$ 6,334
Accrued payroll	9,924	12,856
Current portion of loan payable	<u>2,649</u>	<u>-</u>
Total current liabilities	<u>32,424</u>	<u>19,190</u>
Loan payable, net of current portion	<u>13,013</u>	<u>-</u>
Total liabilities	<u>45,437</u>	<u>19,190</u>
NET ASSETS		
Unrestricted	1,012,972	1,029,228
Temporarily restricted	<u>296,992</u>	<u>248,786</u>
Total net assets	<u>1,309,964</u>	<u>1,278,014</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,355,401</u>	<u>\$ 1,297,204</u>

RESONANCE CENTER FOR WOMEN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 208,376	\$ 378,500	\$ 586,876
Federal and state contracts	321,055	-	321,055
Program fees	19,872	-	19,872
Take 2 food sales	293,002	-	293,002
Net investment return	60,844	-	60,844
Other income	12,727	-	12,727
	<u>915,876</u>	<u>378,500</u>	<u>1,294,376</u>
Gross special event revenue	175,235	-	175,235
Less cost of direct benefits to donors	(10,240)	-	(10,240)
Net special event revenue	<u>164,995</u>	<u>-</u>	<u>164,995</u>
Net assets released from restrictions	<u>330,294</u>	<u>(330,294)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,411,165</u>	<u>48,206</u>	<u>1,459,371</u>
EXPENSES			
Program services	1,230,500	-	1,230,500
Management and general	49,447	-	49,447
Fundraising	147,474	-	147,474
TOTAL EXPENSES	<u>1,427,421</u>	<u>-</u>	<u>1,427,421</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(16,256)</u>	<u>48,206</u>	<u>31,950</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,029,228</u>	<u>248,786</u>	<u>1,278,014</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,012,972</u></u>	<u><u>\$ 296,992</u></u>	<u><u>\$ 1,309,964</u></u>

RESONANCE CENTER FOR WOMEN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 245,567	\$ 425,175	\$ 670,742
Federal and state contracts	384,422	-	384,422
Program fees	16,881	-	16,881
Take 2 food sales	258,821	-	258,821
Net investment return	22,453	-	22,453
Other income	646	-	646
	<u>928,790</u>	<u>425,175</u>	<u>1,353,965</u>
Gross special event revenue	142,439	-	142,439
Less cost of direct benefits to donors	<u>(10,161)</u>	<u>-</u>	<u>(10,161)</u>
Net special event revenue	<u>132,278</u>	<u>-</u>	<u>132,278</u>
Net assets released from restrictions	<u>416,926</u>	<u>(416,926)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,477,994</u>	<u>8,249</u>	<u>1,486,243</u>
EXPENSES			
Program services	1,223,749	-	1,223,749
Management and general	49,502	-	49,502
Fundraising	<u>138,709</u>	<u>-</u>	<u>138,709</u>
TOTAL EXPENSES	<u>1,411,960</u>	<u>-</u>	<u>1,411,960</u>
INCREASE IN NET ASSETS	<u>66,034</u>	<u>8,249</u>	<u>74,283</u>
NET ASSETS, BEGINNING OF YEAR	<u>963,194</u>	<u>240,537</u>	<u>1,203,731</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,029,228</u></u>	<u><u>\$ 248,786</u></u>	<u><u>\$ 1,278,014</u></u>

RESONANCE CENTER FOR WOMEN, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 31,950	\$ 74,283
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	70,982	73,750
Net realized and unrealized gains on investments and beneficial interest in assets held by Tulsa Community Foundation	(60,690)	(22,294)
Changes in assets and liabilities:		
Change in accounts receivable	886	1,108
Change in prepaid expenses	4,173	(740)
Change in accounts payable and accrued expenses	13,517	2,247
Change in accrued payroll	(2,932)	4,506
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>57,886</u>	<u>132,860</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(36,050)</u>	<u>(184,384)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(36,050)</u>	<u>(184,384)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of loan	<u>15,662</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>15,662</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	37,498	(51,524)
CASH AND CASH EQUIVALENTS, beginning of year	<u>562,540</u>	<u>614,064</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 600,038</u></u>	<u><u>\$ 562,540</u></u>

RESONANCE CENTER FOR WOMEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services				Total Program Services	Management and General	Fundraising	Total
	Clinical Services	Re-Entry Services	Take 2 Café	ADSAC				
Salaries	\$262,039	\$130,587	\$169,705	\$16,892	\$579,223	\$27,850	\$60,075	\$667,148
Payroll taxes	21,453	10,629	14,029	1,383	47,494	2,284	4,926	54,704
Employee benefits	37,698	19,101	18,891	1,483	77,173	3,673	7,135	87,981
Total salaries and related benefits	321,190	160,317	202,625	19,758	703,890	33,807	72,136	809,833
Employee recognition and development	7,079	2,189	500	486	10,254	802	1,790	12,846
Professional fees	25,144	70,230	11,252	1,238	107,864	2,109	3,690	113,663
Cost of food sales	-	-	125,395	-	125,395	-	-	125,395
Facility expense	22,584	9,436	90,062	1,715	123,797	3,438	6,151	133,386
Liability expense	2,038	862	4,383	157	7,440	314	549	8,303
Equipment	11,007	2,879	15,954	730	30,570	889	4,676	36,135
Supplies and postage	9,014	7,938	4,478	991	22,421	927	1,417	24,765
Communications expense	3,664	1,873	2,561	248	8,346	1,096	868	10,310
Automobile and travel	6,982	8,229	2,268	510	17,989	1,945	2,393	22,327
Subscriptions and dues	1,375	253	499	24	2,151	1,297	915	4,363
Marketing and printing	75	363	1,060	-	1,498	321	39,074	40,893
Public assistance expense	1,981	1,586	-	-	3,567	-	-	3,567
Other expense	36	451	146	97	730	177	9,746	10,653
Total expenses before depreciation	412,169	266,606	461,183	25,954	1,165,912	47,122	143,405	1,356,439
Depreciation expense	15,241	6,395	41,789	1,163	64,588	2,325	4,069	70,982
Total expenses	<u>\$427,410</u>	<u>\$273,001</u>	<u>\$502,972</u>	<u>\$27,117</u>	<u>\$1,230,500</u>	<u>\$49,447</u>	<u>\$147,474</u>	<u>\$1,427,421</u>

RESONANCE CENTER FOR WOMEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services				Total Program Services	Management and General	Fundraising	Total
	Clinical Services	Re-Entry Services	Take 2 Café	ADSAC				
Salaries	\$279,473	\$135,549	\$141,735	\$14,508	\$571,265	\$27,467	\$59,250	\$657,982
Payroll taxes	23,050	11,180	11,690	1,197	47,117	2,265	4,887	54,269
Employee benefits	33,654	16,323	17,068	1,747	68,792	3,308	7,135	79,235
Total salaries and related benefits	336,177	163,052	170,493	17,452	687,174	33,040	71,272	791,486
Employee recognition and development	11,136	2,652	593	729	15,110	1,340	1,815	18,265
Professional fees	10,673	85,575	10,823	989	108,060	1,203	3,468	112,731
Cost of food sales	-	-	113,156	-	113,156	-	-	113,156
Facility expense	28,550	12,050	78,875	2,163	121,638	4,448	7,640	133,726
Liability expense	1,930	830	4,621	143	7,524	298	521	8,343
Equipment	6,318	2,405	26,402	503	35,628	1,062	4,262	40,952
Supplies and postage	9,208	10,053	5,369	847	25,477	949	1,583	28,009
Communications expense	4,052	1,969	2,136	277	8,434	1,151	968	10,553
Automobile and travel	7,114	8,146	2,174	121	17,555	1,810	1,469	20,834
Subscriptions and dues	874	261	340	26	1,501	1,540	1,296	4,337
Marketing and printing	2,042	367	4,378	225	7,012	211	33,161	40,384
Public assistance expense	3,661	2,329	-	-	5,990	-	-	5,990
Other expense	-	116	2,293	69	2,478	-	6,966	9,444
Total expenses before depreciation	421,735	289,805	421,653	23,544	1,156,737	47,052	134,421	1,338,210
Depreciation expense	15,928	6,739	43,120	1,225	67,012	2,450	4,288	73,750
Total expenses	<u>\$437,663</u>	<u>\$296,544</u>	<u>\$464,773</u>	<u>\$24,769</u>	<u>\$1,223,749</u>	<u>\$49,502</u>	<u>\$138,709</u>	<u>\$1,411,960</u>

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, consist 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.

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 gains and losses are reported in the statements of activities and consist 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

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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 \$133,624 and \$116,061 at December 31, 2017 and 2016, 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 \$31,550 and \$27,404 at December 31, 2017 and 2016, 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 2017 or 2016.

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:

Unrestricted – Net assets available for use in general operations. Unrestricted net assets may be designated for specific purpose by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily restricted – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of Resonance or that expire with the passage of time. Resonance reports contributions as temporarily restricted support if they are received with donor stipulations. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently restricted – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by Resonance's actions. Resonance had no permanently restricted net assets at December 31, 2017 or 2016.

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

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

expenditures are incurred, respectively. 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 as incurred and subsequently invoiced to the appropriate entity.

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 benefited.

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.

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. 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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. These reclassifications had no impact on net assets or changes in net assets.

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

New Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which provides more relevant information about available resources (and the changes in those resources) to donors, grantors, creditors and other users. The most significant aspects of the ASU are as follows: (1) the ASU replaces the current presentation of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two classes of net assets – net assets with donor restrictions and net assets without donor restrictions, (2) expands the disclosures about the nature and amount of any donor restrictions, board designations of net assets without donor restrictions as well as any underwater endowment funds, (3) requires expenses to be presented by nature and function, as well as an analysis of the allocation of these expenses, and (4) requires specific quantitative and qualitative disclosures to improve the ability of financial statement users to assess the entity's available financial resources and the methods by which it manages liquidity and liquidity risk. ASU 2016-14 is to be applied retrospectively, and is effective for years beginning after December 15, 2017, with early adoption permitted. 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 the May 11, 2018, 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.

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 assets held by Tulsa Community Foundation is based on the fair value of fund investments reported by Tulsa Community Foundation.

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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

December 31, 2017	Fair Value Measurements		
	Level 1	Level 2	Level 3
Equity securities	\$ 270,879	-	-
Beneficial interest in assets held by Tulsa Community Foundation	-	-	133,624
Total	<u>\$ 270,879</u>	<u>\$ -</u>	<u>\$ 133,624</u>
December 31, 2016	Level 1	Level 2	Level 3
	Level 1	Level 2	Level 3
Equity securities	\$ 227,752	-	-
Beneficial interest in assets held by Tulsa Community Foundation	-	-	116,061
Total	<u>\$ 227,752</u>	<u>\$ -</u>	<u>\$ 116,061</u>

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:

	2017	2016
Balance, January 1	\$ 116,061	\$ 109,555
Net realized and unrealized gain	18,351	7,227
Investment management fees	<u>(788)</u>	<u>(721)</u>
Balance, December 31	<u>\$ 133,624</u>	<u>\$ 116,061</u>

C – NET INVESTMENT RETURN

Net investment return consists of the following for the years ended December 31:

	2017	2016
Interest and dividends	\$ 154	\$ 159
Net realized and unrealized gain	<u>60,690</u>	<u>22,294</u>
Total	<u>\$ 60,844</u>	<u>\$ 22,453</u>

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

D – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Land	\$ 26,000	\$ 26,000
Buildings and leasehold improvements	777,792	763,434
Equipment	181,247	177,477
Furniture and fixtures	42,627	42,627
Vehicles	<u>76,783</u>	<u>58,744</u>
	1,104,449	1,068,282
Accumulated depreciation	<u>(776,243)</u>	<u>(705,144)</u>
Property and equipment, net	<u><u>\$ 328,206</u></u>	<u><u>\$ 363,138</u></u>

Depreciation expense was \$70,982 and \$73,750 for 2017 and 2016, respectively.

E – LOAN PAYABLE

The loan payable consists of a vehicle loan due in monthly installments of \$288, including interest at 3.89% per annum, and maturing January 2023. The loan is secured by the vehicle, with a carrying value of \$17,738, and matures as follows:

2018	\$ 2,649
2019	2,999
2020	3,118
2021	3,241
2022	3,369
2023	<u>286</u>
	<u><u>\$ 15,662</u></u>

F – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31:

	<u>2017</u>	<u>2016</u>
Re-entry	\$ 217,071	\$ 172,979
Clinical	76,138	49,973
Take 2	-	21,376
Property and equipment purchases	<u>3,783</u>	<u>4,458</u>
Total	<u><u>\$ 296,992</u></u>	<u><u>\$ 248,786</u></u>

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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

	<u>2017</u>	<u>2016</u>
Re-entry	\$ 211,408	\$ 232,536
Clinical	53,835	68,685
Take 2	50,376	110,499
Property and equipment purchases	14,675	3,882
Other	<u>-</u>	<u>1,324</u>
Total	<u><u>\$ 330,294</u></u>	<u><u>\$ 416,926</u></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 2020.

Total lease expense was \$73,554 and \$66,694 for the years ended December 31, 2017 and 2016, respectively.

Future minimum lease payments are as follows:

<u>Year ending December 31,</u>	
2018	\$ 73,688
2019	73,848
2020	<u>12,594</u>
Total minimum lease payments	<u><u>\$ 160,130</u></u>

H – EMPLOYEE BENEFITS

Resonance has 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 Code. Discretionary employer contributions are determined and authorized by the Board of Directors each year. No discretionary employer contributions were made during 2017 and 2016.

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 32% and 12%, respectively, of its total contributions from one donor for the years ended December 31, 2017 and 2016. The loss of these funds or extended delays of the receipt of these funds could adversely impact the clinical programs of Resonance.

SUPPLEMENTAL INFORMATION

RESONANCE CENTER FOR WOMEN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2017

Grantor / Program Title	Contract Period	Contract Amount	Amount Recognized
Oklahoma Department of Health and Substance Abuse Services:			
Drug Court	July 1, 2016 - June 30, 2017	\$ 202,971	\$ 68,851
	July 1, 2017 - June 30, 2018	202,971	70,506
SQE - Drug Court	January 1, 2017 - June 30, 2017	5,596	5,596
	July 1, 2017 - June 30, 2018	10,891	4,538
Probation & Parole	July 1, 2016 - June 30, 2017	29,544	20,614
TANF / CW (Federal contract)	July 1, 2016 - June 30, 2017	81,500	30,759
	July 1, 2017 - June 30, 2018	81,500	23,550
CDBG (Federal contract)	July 1, 2016 - June 30, 2017	25,631	6,756
	July 1, 2017 - June 30, 2018	27,500	14,265
Medicaid	July 1, 2016 - June 30, 2017	-	41,603
	July 1, 2017 - June 30, 2018	-	34,017
		<u>\$ 668,104</u>	<u>\$ 321,055</u>

OTHER REPORT



W. Jeffrey Conklin, CPA
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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, 2017, 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 11, 2018.

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.

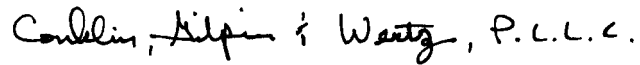
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Handwritten signature of Conklin, Gilpin & Wertz, P.L.L.C.

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

May 11, 2018
Tulsa, Oklahoma