RESONANCE

Helping Women Change. For Good.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

CONKLIN • GILPIN • WERTZ PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2018 and 2017 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, 2018 and 2017, 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 22, 2019, 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 2018 Resonance Center for Women, Inc. adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. This ASU has been applied retrospectively to all periods presented. 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 22, 2019
Tulsa, Oklahoma

RESONANCE CENTER FOR WOMEN, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 668,470	$ 600,038
Accounts receivable	9,457	9,497
Promise to give, current	20,000	-
Prepaid expenses	25,991	13,157
Total current assets	723,918	622,692
NONCURRENT ASSETS		
Promise to give, less current portion	19,044	-
Investments	259,635	270,879
Beneficial interest in assets held by Tulsa Community Foundation	125,986	133,624
Property and equipment, net of depreciation	277,975	328,206
TOTAL ASSETS	**$ 1,406,558**	**$ 1,355,401**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 11,321	$ 19,851
Accrued payroll	11,420	9,924
Current portion of loan payable	3,009	2,649
Total current liabilities	25,750	32,424
Loan payable, net of current portion	9,760	13,013
Total liabilities	35,510	45,437
NET ASSETS		
Without donor restrictions	940,233	1,012,972
With donor restrictions	430,815	296,992
Total net assets	1,371,048	1,309,964
TOTAL LIABILITIES AND NET ASSETS	**$ 1,406,558**	**$ 1,355,401**

See accompanying notes to financial statements.

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
	797,440	541,044	1,338,484
Gross special event revenue	177,419	-	177,419
Less cost of direct benefits to donors	(13,185)	-	(13,185)
Net special event revenue	164,234	-	164,234
Net assets released from restrictions	407,221	(407,221)	-
TOTAL PUBLIC SUPPORT AND REVENUE	1,368,895	133,823	1,502,718
EXPENSES			
Program services	1,219,347	-	1,219,347
Management and general	52,613	-	52,613
Fundraising	169,674	-	169,674
TOTAL EXPENSES	1,441,634	-	1,441,634
(DECREASE) INCREASE IN NET ASSETS	(72,739)	133,823	61,084
NET ASSETS, BEGINNING OF YEAR	1,012,972	296,992	1,309,964
NET ASSETS, END OF YEAR	**$ 940,233**	**$ 430,815**	**$ 1,371,048**

See accompanying notes to financial statements.

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

	Without Donor Restrictions	With Donor Restrictions	Total
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
	915,876	378,500	1,294,376
Gross special event revenue	175,235	-	175,235
Less cost of direct benefits to donors	(10,240)	-	(10,240)
Net special event revenue	164,995	-	164,995
Net assets released from restrictions	330,294	(330,294)	-
TOTAL PUBLIC SUPPORT AND REVENUE	1,411,165	48,206	1,459,371
EXPENSES			
Program services	1,230,500	-	1,230,500
Management and general	49,447	-	49,447
Fundraising	147,474	-	147,474
TOTAL EXPENSES	1,427,421	-	1,427,421
(DECREASE) INCREASE IN NET ASSETS	(16,256)	48,206	31,950
NET ASSETS, BEGINNING OF YEAR	1,029,228	248,786	1,278,014
NET ASSETS, END OF YEAR	**$ 1,012,972**	**$ 296,992**	**$ 1,309,964**

See accompanying notes to financial statements.

RESONANCE CENTER FOR WOMEN, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 61,084	$ 31,950
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	58,783	70,982
Net realized and unrealized (losses) gains on investments and beneficial interest in assets held by Tulsa Community Foundation	18,882	(60,690)
Changes in assets and liabilities:		
Change in accounts receivable	40	886
Change in prepaid expenses	(12,834)	4,173
Change in promise to give	(39,044)	-
Change in accounts payable and accrued expenses	(8,530)	13,517
Change in accrued payroll	1,496	(2,932)
NET CASH PROVIDED BY OPERATING ACTIVITIES	79,877	57,886
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,552)	(36,050)
NET CASH USED IN INVESTING ACTIVITIES	(8,552)	(36,050)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on loan payable	(2,893)	-
Proceeds from issuance of loan	-	15,662
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(2,893)	15,662
NET CHANGE IN CASH AND CASH EQUIVALENTS	68,432	37,498
CASH AND CASH EQUIVALENTS, beginning of year	600,038	562,540
CASH AND CASH EQUIVALENTS, end of year	**$ 668,470**	**$ 600,038**
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	$ 578	$ -

See accompanying notes to financial statements.

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

	Program Services							
	Clinical Services	Re-Entry Services	Take 2 Café	ADSAC	Total Program Services	Management and General	Fundraising	Total
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	$416,264	$301,534	$469,639	$31,910	$1,219,347	$52,613	$169,674	$1,441,634

See accompanying notes to financial statements.

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

	Program Services							
	Clinical Services	Re-Entry Services	Take 2 Café	ADSAC	Total Program Services	Management and General	Fundraising	Total
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	$427,410	$273,001	$502,972	$27,117	$1,230,500	$49,447	$147,474	$1,427,421

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, 2018 and 2017, 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.

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 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 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 $125,986 and $133,624 at December 31, 2018 and 2017, 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 $29,747 and $31,550 at December 31, 2018 and 2017, 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 2018 or 2017.

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. 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.

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, 2018 and 2017, Resonance's cash balances exceeded FDIC insurance limits by approximately $446,000 and $337,000, 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

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Resonance has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Upcoming Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the user to implement the standard using either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 by one year, making it effective for annual reporting periods beginning after December 15, 2018. Resonance has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

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 statements 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, 2019, 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 22, 2019, 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.

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

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

	Fair Value Measurements		
	Level 1	Level 2	Level 3
December 31, 2017			
Equity securities			
Beneficial interest in assets held by	$ 270,879	$ -	$ -
Tulsa Community Foundation	-	-	133,624
Total	$ 270,879	$ -	$ 133,624

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:

	2018	2017
Balance, January 1	$ 133,624	$ 116,061
Net realized and unrealized gain/(loss)	(6,673)	18,351
Investment management fees	(965)	(788)
Balance, December 31	$ 125,986	$ 133,624

C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2018	2017
Land	$ 26,000	$ 26,000
Buildings and leasehold improvements	777,792	777,792
Equipment	140,375	181,247
Furniture and fixtures	42,627	42,627
Vehicles	67,539	76,783
	1,054,333	1,104,449
Accumulated depreciation	(776,358)	(776,243)
Property and equipment, net	$ 277,975	$ 328,206

Depreciation expense was $58,783 and $70,982 for 2018 and 2017, respectively.

D – PROMISE TO GIVE

In 2018, Resonance received a promise to give, collectable over a three-year term, recorded at present value. $20,000 of the promise to give is to be paid in 2019 and the remaining $20,000 is to be paid in 2020. The long-term portion is reported net of a discount to present value, using a rate of 2.48%, resulting in a net long-term promise to give of $19,044. 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 $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:

2019	$ 3,009
2020	3,128
2021	3,252
2022	3,380
	$ 12,769

F – NET ASSETS WITH DONOR RESTRICTIONS

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

	2018	2017
Re-entry services	$ 295,369	$ 217,071
Clinical services	92,619	76,138
Time restricted - promise to give	39,044	-
Property and equipment purchases	3,783	3,783
Total subject to expenditure for specified purpose or period	$ 430,815	$ 296,992

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

	2018	2017
Re-entry	$ 282,702	$ 211,408
Clinical	88,519	53,835
Take 2	32,000	50,376
Property and equipment purchases	4,000	14,675
Total released from donor restriction	$ 407,221	$ 330,294

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 $73,688 and $73,554 for the years ended December 31, 2018 and 2017, respectively.

Future minimum lease payments are as follows:

Year ending December 31,	
2019	$ 73,848
2020	12,594
Total minimum lease payments	$ 86,442

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 2018 and 2017.

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 29% and 32%, respectively, of its total contributions from one donor for the years ended December 31, 2018 and 2017. 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, 2018 statement of financial position are as follows.

Cash and cash equivalents	$ 668,470
Promise to give	20,000
Accounts receivable	9,457
Total financial assets available within one year	697,927
Less: Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	391,771
Total financial assets available to management for general expendiure within one year	$ 306,156

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, 2018

Grantor / Program Title	Contract Period	Contract Amount	Amount Recognized
Oklahoma Department of Health and Substance Abuse Services:			
Drug Court	July 1, 2017 - June 30, 2018	$ 202,971	$ 59,823
	July 1, 2018 - June 30, 2019	202,971	61,371
SQE - Drug Court	July 1, 2017 - June 30, 2018	10,891	6,353
	July 1, 2018 - June 30, 2019	10,891	3,630
TANF	July 1, 2018 - June 30, 2019	3,075	767
ChildWelfare	July 1, 2018 - June 30, 2019	58,425	27,990
TANF / CW (Federal contract)	July 1, 2017 - June 30, 2018	81,500	32,037
CDBG (Federal contract)	July 1, 2017 - June 30, 2018	27,500	13,234
	July 1, 2018 - June 30, 2019	25,206	13,949
Medicaid	July 1, 2017 - June 30, 2018	-	28,929
	July 1, 2018 - June 30, 2019	-	34,296
		$ 623,430	$ 282,379

OTHER REPORT

CONKLIN • GILPIN • WERTZ PLLC
CERTIFIED PUBLIC ACCOUNTANTS

W. Jeffrey Conklin, CPA
Neil D. Gilpin, CPA
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, 2018, 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 22, 2019.

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 22, 2019
Tulsa, Oklahoma