

**OKLAHOMA INSTITUTE FOR
CHILD ADVOCACY**

FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Oklahoma Institute for Child Advocacy, Inc.

We have audited the accompanying financial statements of Oklahoma Institute for Child Advocacy, Inc. (a nonprofit organization) ("OICA"), 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OICA as of December 31, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OICA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OICA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 OICA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OICA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Arledge & Associates, P.C.

September 13, 2021

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

	<u>2020</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 102,379
Receivables, net of allowance of \$15,000	29,765
Prepaid expenses	28,493
Total current assets	<u>160,637</u>
Long term assets:	
Computers and Software	35,275
Less Accumulated Depreciation	<u>(35,275)</u>
Total long-term assets	<u>-</u>
Total assets	<u>\$ 160,637</u>
 Liabilities and Net assets	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 14,253
Total current liabilities	<u>14,253</u>
Net assets:	
Net assets without donor restrictions	61,819
Net assets with donor restrictions	84,565
Total net assets	<u>146,384</u>
Total liabilities and net assets	<u>\$ 160,637</u>

See notes to financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Grant Revenue	\$ 116,850	\$ -	\$ 116,850
Contributions and sponsorships	292,670	84,565	377,235
Registration and membership fees	15,725	-	15,725
Special events and other fundraising	173,803	-	173,803
Paycheck Protection Program	42,700	-	42,700
Other	803	-	803
Net assets released from restriction	-	-	-
Total revenues and other support	\$ 642,551	\$ 84,565	\$ 727,116
Expenses:			
Program Services:			
Program Advocacy	\$ 83,440	\$ -	\$ 83,440
OICA Annual Calendar	51,093	-	51,093
Fall Forum	43,449	-	43,449
UP!Party	19,248	-	19,248
OK Lead	11,738	-	11,738
OK Foster Wishes	70,115	-	70,115
Child Advocacy Chat	25,241	-	25,241
Total program services	304,324	-	304,324
Support Services:			
General and Administrative	240,831	-	240,831
Fundraising	73,095	-	73,095
Total support services	313,926	-	313,926
Total expenses	618,250	-	618,250
Increase (decrease) in net assets	24,301	84,565	108,866
Net assets, beginning of year	37,518	-	37,518
Net assets, end of year	\$ 61,819	\$ 84,565	\$ 146,384

See notes to financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services							Support Services		Total Supporting Services	Total Expenses	
	Program/ Advocacy	OICA Annual Calendar	Fall Forum	UP!Party	OK Lead	OK Foster Wishes	Child Advocacy Chat	Total Programs	General & Administrative			Fundraising
Expenses:												
Salary and wages	\$ 40,391	\$ 27,639	\$ 23,426	\$ 3,202	\$ 3,202	\$ 19,218	\$ 13,819	\$ 130,897	\$ 80,782	\$ -	\$ 80,782	\$ 211,679
Employee benefits	8,559	6,912	6,913	864	864	5,185	3,456	32,753	17,117	-	17,117	49,870
Staff development and training	-	-	-	-	-	-	-	-	5,308	-	5,308	5,308
Special and other fundraising events	-	-	-	-	-	-	-	-	-	49,595	49,595	49,595
Printing, copying, and postage	6,237	4,000	523	-	-	1,462	-	12,222	12,475	-	12,475	24,697
Telephone and information technology	2,923	410	372	100	201	320	377	4,703	32,156	-	32,156	36,859
Bank fees	535	167	176	161	154	158	165	1,516	6,657	-	6,657	8,173
Contract services	12,000	4,876	3,500	1,532	2,328	3,908	2,250	30,394	18,548	-	18,548	48,942
Gift cards	-	-	-	7,350	-	33,075	-	40,425	5,124	-	5,124	45,549
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
Professional services	-	-	-	-	-	-	-	-	11,475	-	11,475	11,475
Dues and subscriptions	189	189	189	189	189	189	189	1,323	6,635	-	6,635	7,958
Travel expenses	-	-	-	-	-	-	-	-	-	-	-	-
Communications	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-
Office supplies	4,300	2,300	3,750	1,250	200	2,000	385	14,185	4,507	-	4,507	18,692
Marketing and advertising	2,747	2,747	2,747	2,747	2,747	2,747	2,747	19,229	18,241	23,500	41,741	60,970
Facilities expenses	5,559	1,853	1,853	1,853	1,853	1,853	1,853	16,677	19,795	-	19,795	36,472
Other	-	-	-	-	-	-	-	-	2,011	-	2,011	2,011
Total expenses	\$ 83,440	\$ 51,093	\$ 43,449	\$ 19,248	\$ 11,738	\$ 70,115	\$ 25,241	\$ 304,324	\$ 240,831	\$ 73,095	\$ 313,926	\$ 618,250

See notes to the financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY

**STATEMENT OF CASHFLOWS
YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>
Reconciliation of change in net assets to cash provided by operating activities:	
Change in net assets	\$ 108,866
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in operating assets and liabilities net:	
Accounts receivable	(21,375)
Prepaid expenses	(19,570)
Accounts payable and accrued liabilities	<u>(11,678)</u>
Net cash provided by operating activities	<u>56,243</u>
Net change in cash	56,243
Cash at beginning of year	<u>46,136</u>
Cash at end of year	<u><u>\$ 102,379</u></u>

See notes to the financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – NATURE OF ACTIVITIES

Nature of Operations – The Oklahoma Institute for Child Advocacy (OICA) was organized in 1983 as a not-for-profit corporation for children in Oklahoma. The Organization’s mission is the create awareness, take action, and change policy on behalf of children and youth. The Organization affirms the value and vulnerability of children and youth by raising awareness of their needs, and by promoting public policies, programs, and preventive strategies to ensure that they reach their full potential.

Program Activities – The most significant program activities include:

Program Advocacy - Legislative advocacy that we do year round, working with the law makers on proposed legislation and reviewing legislative policies during the session and summarizing actions by the legislature after the session. In addition we work on interim studies to assist law makers on these reviews.

Hoops for Heroes – Part of OK Lead in which OICA collaborates with another nonprofit (Hoops for Heroes) to provide basketball camp and leadership programs to children of incarcerated parents.

Fall Forum – An annual conference for professionals, community advocates, and interested individuals and organizations who serve Oklahoma’s children and youth.

UP!Party – A program for graduation celebration for children in Foster care graduating or obtaining their GED.

OK Lead- (Leadership, Engagement, Advocacy, Development) brings together students from different demographics (foster youth, tribal youth, and children of incarcerated Oklahomans) for three days of development in the following areas: leadership skills, advocacy training, personal fiscal responsibility, educational attainment, etiquette, Oklahoma history, debate and interview skills, the legislative process, and a community service project.

OK Foster Wishes – OICA coordinates with OKDHS to receive Foster Children’s holiday wish lists from all over the state. OICA then partners with the community to distribute the wish lists through businesses, organizations, and individuals as a direct gift to a child in custody.

OICA Annual Calendar – The Annual Calendar is designed to share information concerning Oklahoma’s children and how policies and laws directly affect their lives. OICA highlights a different child related statistic and promotes a different youth related program on each day of the calendar. A copy of the Annual Calendar is provided to each Oklahoma lawmaker, state and federal, as well as cabinet secretaries.

Child Advocacy Chats – This program provided Oklahomans access to important news of the day impacting the state’s children. OICA discusses a different child related topic with each chat and the chat is open to anyone to attend.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – OICA follows the recommendations contained in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958, *Financial Statements of Not-For-Profit Organizations*, which establishes standards of basic accounting and reporting for not-for-profit organizations. Under this standard, OICA is required to report information regarding its financial position and activities according to two classes of net assets, with donor restriction and without donor restriction. Contributions received are reported as with donor restrictions or without donor restriction depending on the existence or nature of any donor restrictions.

Cash and Cash Equivalents – OICA considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Contributions – In 2020, OICA received grants and contract support from private foundations, corporations, and individuals. Grants and contributions received are recorded as revenue at their estimated fair values on the date of receipt, or upon satisfaction of any barriers associated with the grant or contribution, and are reflected as grants and contributions in the accompanying financial statements. Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions Receivable – OICA initially records unconditional promises to give and subsequently carried 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. OICA has no contributions receivable as of December 31, 2020.

Property and Equipment – OICA records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 7 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. At December 31, 2020, all assets owned by OICA were fully depreciated.

Income Taxes and Uncertain Tax Positions – OICA qualifies as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is subject to a tax on income from any unrelated business, as defined by Section 509(a)(1) of the Code. OICA currently has no unrelated business income. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OICA has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations by taxing authorities. OICA has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates.

OICA believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on OICA's financial condition, results of operations, or cash flows. Accordingly, OICA has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions as of December 31, 2020.

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

Income Taxes and Uncertain Tax Positions (cont'd) – OICA has made the election for lobbying expenses as allowed by section 501(h) of the Code. OICA received a grant during 2020 requiring \$45,000 of such funds be used for “lobbying tactics”. During 2020, OICA fully utilized these funds in media activities to educate the public regarding Oklahoma State Question 802 in satisfaction of these lobbying tactics, which are included in advertising and promotion in the statement of functional expenses.

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. OICA reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributions with restrictions that expire or were satisfied in the same year the contribution was received are reported as contributions received without donor restrictions.

Advertising Costs - Advertising costs are expensed as incurred, and approximated \$61,000 during the year ended December 31, 2020, which includes \$45,000 of expenses associated with grant restricted funds spent on media activities to educate voters on Oklahoma State Question 802.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Paycheck Protection Program - On April 9, 2020, The OICA was granted a Small Business Administration loan (the “Loan”) by BancFirst in the amount of \$42,700, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan, which was in the form of a Note dated April 9, 2020, issued to the Borrower, matures on April 9, 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing six months from the date of first disbursement of the Loan. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, any payment of interest on a covered mortgage obligation (which shall not include any prepayment of or payment of principal on a covered mortgage obligation), any payment on a covered rent obligation, and any covered utility payment. OICA intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On December 8, 2020, the full amount of the loan was forgiven as has been recognized in the statement of activities and changes in net assets as PPP revenue.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, expenses by function have been allocated among program and supporting services classifications on the basis of time records and other estimates made by OICA’s management

Concentration of Credit Risk – OICA manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts.

Future accounting pronouncements - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 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 statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. OICA is currently evaluating the impact of adoption of the new standard on the financial statements.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires us 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.

Subsequent events – OICA has evaluated subsequent events through September 13, 2021, the date which the financial statements were available to be issued.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

OICA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table provides information about OICA’s liquidity as of December 31:

	<u>2020</u>
Cash and cash equivalents	\$ 102,379
Accounts receivable	<u>29,765</u>
	<u>\$ 132,144</u>

As part of our liquidity management plan, OICA invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

NOTE 4 – ACCOUNTS RECEIVABLE

As of December 31, 2020, gross account receivables of \$44,765 were comprised of billings on fees and commitments related to fundraising. Receivables are stated at the amount billed or contribution to be received. Accounts deemed uncollectible are reduced by an allowance for doubtful accounts, which was estimated to be \$15,000 as of December 31, 2020. OICA’s accounts receivable, as reported in the statement of financial position were \$29,765, net of the allowance for uncollectible amounts.

NOTE 5 – PROPERTY AND EQUIPMENT

A summary of property, plant, and equipment is as follows as of December 31:

	<u>2020</u>
Computers and software	\$ <u>35,275</u>
	35,275
Less accumulated depreciation and amortization	<u>(35,275)</u>
	<u>\$ -</u>

All assets are fully depreciated at December 31, 2020.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2020, OICA has net assets restricted for the following purposes:

2021 Desktop Calendar	\$	19,900
Chafee Project		25,000
Holiday Letters		39,665
	\$	<u>84,565</u>

OICA has no net assets to be held in perpetuity.

NOTE 7 – RETIREMENT PLAN

OICA offers a Simple IRA retirement plan (the “Plan”) for eligible regular full-time and regular part-time employees. OICA matches the employee’s contribution up to 3% of gross pay. During the year ended December 31, 2020 OICA incurred \$4,256 of employer matching expenses related to the Plan.

As of December 31, 2020, OICA has a liability of \$10,015 related to employee withholdings and employer matches of (a) \$3,562 from 2019 and (b) \$6,453 from 2020.

NOTE 8 – LEASES

OICA leases office under a lease agreement that expired in November 2020. The lease required monthly payments of \$2,174. OICA renewed this lease effective December 1, 2020 through November 30, 2023 at a monthly rate of \$1,853. Total rent expense incurred under this lease for 2020 was \$25,767, which represents all of OICA’s rental activities (excluding facilities rented for fundraising events under short-term agreements).

Future minimum lease payments under this lease are (a) 2021 - \$22,236, (b) 2022 - \$22,236, and (c) 2023 - \$20,383.