

Center for Children & Families, Inc.
Norman, Oklahoma

***REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION***

For the Year Ended December 31, 2020

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CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Center for Children & Families, Inc.

We have audited the accompanying financial statements of Center for Children & Families, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 *Governmental 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 of 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 Center for Children & Families, Inc.'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 Center for Children & Families, Inc.'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 Center for Children & Families, Inc. 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.

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 awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. In addition, the accompanying supplemental information, as listed in the preceding table of contents, 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 24, 2021 on our consideration of Center for Children & Families, Inc.'s internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Center for Children & Families, Inc.'s 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 Center for Children & Families, Inc.'s internal control over financial reporting and compliance.



SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

May 24, 2021

FINANCIAL INFORMATION

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

STATEMENT OF FINANCIAL POSITION

December 31, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 876,211	\$ (112,014)	\$ 764,197	\$ 399,653
Unconditional Promises to Give:				
United Way Services Funding for 20-21	0	79,249	79,249	76,172
Pledges Receivable	138,695	0	138,695	220,846
Accounts Receivable	204,953	0	204,953	65,436
Inventory	8,194	0	8,194	1,386
Prepaid Expenses	8,215	0	8,215	11,301
Security Deposits	0	0	0	29
Total Current Assets	<u>1,236,268</u>	<u>(32,765)</u>	<u>1,203,503</u>	<u>774,823</u>
Noncurrent Assets:				
Investments	0	218,138	218,138	204,167
Pledges Receivable, net	0	114,597	114,597	305,787
Property & Equipment	3,342,873	0	3,342,873	3,319,852
Less: Accumulated Depreciation	<u>(477,760)</u>	<u>0</u>	<u>(477,760)</u>	<u>(401,133)</u>
Total Noncurrent Assets	<u>2,865,113</u>	<u>332,735</u>	<u>3,197,848</u>	<u>3,428,673</u>
TOTAL ASSETS	<u><u>\$ 4,101,381</u></u>	<u><u>\$ 299,970</u></u>	<u><u>\$ 4,401,351</u></u>	<u><u>\$ 4,203,496</u></u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts Payable	\$ 5,781	\$ 0	\$ 5,781	\$ 3,734
Accrued Expenses	874	0	874	151
Long-Term Debt - Current Portion	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>6,655</u>	<u>0</u>	<u>6,655</u>	<u>3,885</u>
Noncurrent Liabilities:				
Long-Term Debt	150,000	287,100	437,100	71,693
Liability for Compensated Absences	<u>44,087</u>	<u>0</u>	<u>44,087</u>	<u>30,515</u>
Total Noncurrent Liabilities	<u>194,087</u>	<u>287,100</u>	<u>481,187</u>	<u>102,208</u>
Total Liabilities	<u>200,742</u>	<u>287,100</u>	<u>487,842</u>	<u>106,093</u>
Net Assets:				
Without Donor Restrictions	3,900,639	0	3,900,639	3,746,749
With Donor Restrictions	<u>0</u>	<u>12,870</u>	<u>12,870</u>	<u>350,654</u>
Total Net Assets	<u>3,900,639</u>	<u>12,870</u>	<u>3,913,509</u>	<u>4,097,403</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,101,381</u></u>	<u><u>\$ 299,970</u></u>	<u><u>\$ 4,401,351</u></u>	<u><u>\$ 4,203,496</u></u>

* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
REVENUE AND SUPPORT				
Grants and Contracts	\$ 86,305	\$ 841,144	\$ 927,449	\$ 743,678
Contributions:				
United Way Services	287	156,165	156,452	153,769
Bringing Up Babies	0	12,500	12,500	10,000
Divorce Services	0	15,000	15,000	15,000
Parenting Assistance	0	2,000	2,000	2,400
Counseling Services	0	10,150	10,150	22,000
Boys & Girls Club of Norman	0	113,119	113,119	93,016
Other	304,934	0	304,934	370,587
Program and Class Fees	50	138,944	138,994	199,504
Other Revenue	6,365	100	6,465	7,659
In-Kind	13,073	71,780	84,853	62,646
Net Assets Released From Restriction:				
Satisfaction of Time Restrictions - United Way	156,165	(156,165)	0	0
Satisfaction of Purpose Restrictions - Capital Acq.	0	0	0	0
Satisfaction of Program Restrictions	1,542,521	(1,542,521)	0	0
Total Revenues	<u>2,109,700</u>	<u>(337,784)</u>	<u>1,771,916</u>	<u>1,680,259</u>
EXPENSES				
Program Expense	1,698,686	0	1,698,686	1,639,063
Mental Health Consulting	11,970	0	11,970	25,007
General and Administrative Expenses	119,378	0	119,378	129,639
Capital Campaign	2,395	0	2,395	8,927
Fund Raising Expense	144,906	0	144,906	148,228
Total Expenses	<u>1,977,335</u>	<u>0</u>	<u>1,977,335</u>	<u>1,950,864</u>
Change in Net Assets Before Other Gains and Losses	132,365	(337,784)	(205,419)	(270,605)
Other Gains and Losses:				
Interest	5,778	0	5,778	4,080
Unrealized Gain (Loss) on Investments	15,747	0	15,747	30,006
Total Other Gains and Losses	<u>21,525</u>	<u>0</u>	<u>21,525</u>	<u>34,086</u>
Change in Net Assets	153,890	(337,784)	(183,894)	(236,519)
Net Assets, Beginning of Year	<u>3,746,749</u>	<u>350,654</u>	<u>4,097,403</u>	<u>4,333,922</u>
NET ASSETS, END OF YEAR	<u>\$ 3,900,639</u>	<u>\$ 12,870</u>	<u>\$ 3,913,509</u>	<u>\$ 4,097,403</u>

* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Divorce Services	Parents' Assistance	Bringing Up Babies	Counseling
EXPENSES				
Salaries and Wages	\$ 58,860	\$ 134,586	\$ 57,034	\$ 398,763
Fringe Benefits and Taxes	16,637	41,913	16,060	115,248
Accounting	366	1,637	751	3,318
Advertising	0	35	0	70
Bank Service Charges	549	0	0	4
Client Support	140	3,036	307	2,478
Communications	1,207	1,303	1,071	5,471
Conferences, Conventions & Meetings	468	480	1,117	2,685
Consultants and Contract Labor	3,235	5,003	523	52,631
Depreciation Expense	5,434	8,395	2,727	29,795
Dues, Subscriptions & Licensure	2,885	4,592	659	15,470
Equipment Rent & Maintenance	204	325	118	768
Equipment Acquisition	339	685	346	1,945
Insurance	1,182	5,283	2,426	10,711
Interest	0	0	0	0
Mileage & Travel	0	14	221	289
Miscellaneous	223	552	215	1,438
Occupancy	2,409	5,544	2,658	17,195
Office Supplies	331	932	405	2,274
Supplies - Other	94	146	57	507
Postage	30	61	96	175
Printing & Artwork	1,685	1,158	434	2,575
Program Materials	66	53	195	5,406
Program Snacks	293	509	117	2,182
In-Kind Expenses:				
Space	0	0	0	0
Goods	7,304	10,763	2,976	26,935
Professional Services	0	0	0	0
TOTAL EXPENSES	\$ 103,941	\$ 227,005	\$ 90,513	\$ 698,333

* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Boys & Girls Club of Norman	Total Program Expenses	Mental Health Consulting	General and Admin. Expense
<u>EXPENSES</u>				
Salaries and Wages	\$ 276,552	\$ 925,795	\$ 0	\$ 69,465
Fringe Benefits and Taxes	77,821	267,679	0	16,723
Accounting	3,165	9,237	0	748
Advertising	35	140	0	70
Bank Service Charges	5	558	0	5,757
Client Support	2,827	8,788	0	1,370
Communications	5,817	14,869	0	942
Conferences, Conventions & Meetings	1,916	6,666	0	942
Consultants and Contract Labor	40,988	102,380	11,655	69
Depreciation Expense	19,964	66,315	0	4,584
Dues, Subscriptions & Licensure	8,558	32,164	0	695
Equipment Rent & Maintenance	815	2,230	0	144
Equipment Acquisition	39,010	42,325	0	435
Insurance	10,226	29,828	0	2,416
Interest	0	0	0	0
Mileage & Travel	471	995	0	269
Miscellaneous	2,943	5,371	315	2,758
Occupancy	35,112	62,918	0	2,551
Office Supplies	2,737	6,679	0	1,144
Supplies - Other	342	1,146	0	194
Postage	150	512	0	132
Printing & Artwork	2,395	8,247	0	604
Program Materials	16,067	21,787	0	596
Program Snacks	7,176	10,277	0	0
In-Kind Expenses:				
Space	0	0	0	150
Goods	23,802	71,780	0	5,270
Professional Services	0	0	0	1,350
TOTAL EXPENSES	\$ 578,894	\$ 1,698,686	\$ 11,970	\$ 119,378

* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Capital Campaign	Fund Raising Expense	2020 Total	2019 Total
EXPENSES				
Salaries and Wages	\$ 0	\$ 59,779	\$ 1,055,039	\$ 1,071,238
Fringe Benefits and Taxes	0	16,604	301,006	311,157
Accounting	0	596	10,581	9,864
Advertising	0	0	210	675
Bank Service Charges	0	0	6,315	0
Client Support	0	150	10,308	7,463
Communications	0	529	16,340	14,292
Conferences, Conventions & Meetings	0	633	8,241	11,386
Consultants and Contract Labor	0	33,195	147,299	166,998
Depreciation Expense	0	5,729	76,628	75,639
Dues, Subscriptions & Licensure	0	9,232	42,091	41,697
Equipment Rent & Maintenance	0	149	2,523	3,291
Equipment Acquisition	0	305	43,065	370
Insurance	0	1,924	34,168	34,082
Interest	2,395	0	2,395	6,787
Mileage & Travel	0	0	1,264	5,771
Miscellaneous	0	277	8,721	17,251
Occupancy	0	3,282	68,751	66,344
Office Supplies	0	559	8,382	5,787
Supplies - Other	0	135	1,475	152
Postage	0	1,879	2,523	2,611
Printing & Artwork	0	3,285	12,136	14,115
Program Materials	0	361	22,744	18,669
Program Snacks	0	0	10,277	2,580
In-Kind Expenses:				
Space	0	0	150	16,800
Goods	0	6,303	83,353	45,845
Professional Services	0	0	1,350	0
TOTAL EXPENSES	\$ 2,395	\$ 144,906	\$ 1,977,335	\$ 1,950,864

* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	2020 Total	2019 Total
<u>Cash Flows Provided (Used) by Operating Activities</u>		
Change in Net Assets Before Other Gains and Losses	\$ (205,419)	\$ (270,605)
Adjustment to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation	76,627	75,639
(Increase) Decrease in:		
Accounts Receivable	(139,517)	22,356
Pledges Receivable, net	270,264	320,408
Inventory	(6,808)	1,831
Prepaid Expense	3,086	(2,117)
Security Deposits	29	1,622
Increase (Decrease) in:		
Accounts Payable	2,047	(2,346)
Accrued Liabilities	14,295	(6,125)
Net Cash Provided (Used) by Operating Activities	<u>14,604</u>	<u>140,663</u>
<u>Cash Flows Provided (Used) by Investing Activities</u>		
Acquisition/Disposition of Capital Assets	(23,021)	0
Interest on Deposits	5,778	4,080
(Increase) Decrease in Investments	1,776	59,211
Net Cash Provided (Used) by Investing Activities	<u>(15,467)</u>	<u>63,291</u>
<u>Cash Flows Provided (Used) by Financing Activities</u>		
Acquisition of Debt Principal	437,100	0
Payment of Debt Principal	(71,693)	(175,000)
Net Cash Provided (Used) by Investing Activities	<u>365,407</u>	<u>(175,000)</u>
Increase (Decrease) in Cash	364,544	28,954
Cash and Cash Equivalents, Beginning of Year	<u>399,653</u>	<u>370,699</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 764,197</u>	<u>\$ 399,653</u>
<u>Other Disclosures:</u>		
Capitalized Interest Costs	<u>\$ 0</u>	<u>\$ 0</u>
Interest Expense	<u>\$ 2,395</u>	<u>\$ 6,787</u>

* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: ORGANIZATION AND ACTIVITIES

Center for Children & Families, Inc. (CCFI) was incorporated as Juvenile Services, Inc. on August 18, 1969, for the purpose of supporting existing juvenile programs and to improve and expand services for juveniles in Cleveland County. In 1999, the Board of Directors voted to change the name of the organization from Juvenile Services, Inc. to Center for Children & Families, Inc. The programs currently supported by the organization are:

Divorce Services – Support and education for divorced, separated, or never married parents through classes, mediation, counseling and supervised visits and exchanges.

Parents Assistance – Provides support and education for parents struggling day-to-day with abuse, neglect and other related issues through specialized classes.

Counseling – Provides therapy, education and support to children and youth with histories of neglect and/or emotional abuse, and their parents, foster or adoptive caregivers.

Baby Pantry – Completely stocked by the community, the Baby Pantry at CCFI provides formula, baby and toddler food, diapers, and other basic necessities to over 100 visitors each month.

Bringing Up Babies – Provides parent education, support and case management to teen and other at risk new parents through home visits.

Boys & Girls Club of Norman - Provides youth development services in accordance with BGCA's policies to create positive outcomes in the lives of local youth with an emphasis in 1) academic success, 2) healthy lifestyles, and 3) character and leadership development.

CCFI is an independent agency funded by grants from the Department of Mental Health and Substance Abuse Services, Department of Human Services, contracts with governmental entities and donations from individuals, businesses, and other not-for-profit organizations.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Accounting Pronouncements Adopted – CCFI has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the years ended December 31, 2020 and December 31, 2019 are presented under FASB ASC Topic 606.

During the year, CCFI adopted the provisions of FASB ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. Adoption of this pronouncement had no effect on the Center's current or previously issued financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CCFI has adopted the provisions of FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

Recently Issued Accounting Pronouncements – In February 2016, the FASB issued *ASU No. 2016-02, Leases (Topic 842)*, which requires the recognition of lease assets and lease liabilities by lessees for all leases, including leases previously classified as operating leases, and modifies the classification criteria and accounting sales-type and direct financing leases by lessors. Leases continue to be classified as finance or operating leases by lessees and both classifications require the recognition of a right of use asset and a lease liability initially measured at the present value of the lease payments in the statement of financial position. Interest on the lease liability and the amortizations of the right-of-use asset are recognized separately in the statement of activity for finance leases and as a single lease cost recognized on the straight-line basis over the lease term for operating leases. The standard is effective using a modified retrospective approach for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Board is currently evaluating the impact the standard will have on its financial statements.

Basis of Accounting – Financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, contract funds are recognized as revenue when allowable expenses are incurred and a receivable represents that portion of the contract which CCFI has earned and/or requested, but not received. Medicaid receipts and contributions are recorded upon receipt. Expenses are recorded when a liability is incurred. Expenses incurred but not paid at year-end are represented by a liability on the statement of financial position. Grant funds received, but not yet expended for their specified purpose, are recognized as net assets with donor restrictions. Other revenue (i.e. donations) is recognized when received. Net asset balances represent cumulative revenue received over expenses incurred.

Basis of Presentation – CCFI's financial statement presentation follows the Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, net assets of CCFI and changes therein are classified and reported as follows:

- Net assets with donor restrictions – net assets subject to donor imposed restrictions
- Net assets without donor restrictions – net assets not subject to donor-imposed restrictions

Recognition of Donor Restrictions – Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by donors.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents – For purposes of the statement of cash flows, cash and cash equivalents include bank accounts and investments readily convertible to cash.

Bank balances at year end are categorized as follows to give an indication of the level of risk assumed by the organization.

<u>Category</u>	<u>Balance Per Bank</u>
1) Insured or collateralized with securities held by the organization or by its agent in the organization's name.	\$ 251,898
2) Collateralized with securities held by the pledging financial institution's trust department.	601,635
3) Uncollateralized	<u>0</u>
TOTAL	<u>\$ 853,533</u>

Investments – Investments of the organization consist of the following:

With donor restrictions – Beneficial Interest in Assets Held by Others – CCFI has placed funds with the following foundations to be held in endowment funds.

Communities Foundation of Oklahoma	<u>2020</u>	<u>2019</u>
Balance, Beginning of Year	\$ 726	\$ 647
Interest and Dividends	31	26
Net Investment Income	204	61
Management Fees	(7)	(8)
Balance, End of Year	<u>\$ 954</u>	<u>\$ 726</u>
Oklahoma City Community Foundation	<u>2020</u>	<u>2019</u>
Balance, Beginning of Year	\$ 203,441	\$ 177,516
Reciprocal Transfers	0	0
Reinvestment of Allocation	0	0
Distribution	(9,503)	(9,351)
Net Investment Income	<u>23,246</u>	<u>35,276</u>
Balance, End of Year	<u>\$ 217,184</u>	<u>\$ 203,441</u>
Total Investments with Donor Restrictions	<u>\$ 218,138</u>	<u>\$ 204,167</u>

Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. Fair values are determined by reference to quoted market prices and other relevant information generated by market transactions. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Restricted gains and investment income whose restrictions are met in the same reporting period are reported as without donor restrictions.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Both the Communities Foundation of Oklahoma and the Oklahoma City Community Foundation also receive donations designated for CCFI by other donors. Both Foundations have been granted variance power and have the authority to distribute those donations as they see fit; therefore, those donations are not reflected in the Organization's financial statements. The corpus of the funds may not be withdrawn; however, income distributed to the organization by the funds may be used for any purpose. The interest in the endowment funds is recorded in the financial statements in accordance with generally accepted accounting principles and relevant funding agreements. The market value of investments attributable to third-party donors held by the Oklahoma City Community Foundation equaled \$152,772 and \$141,344 at December 31, 2020 and 2019 respectively.

Endowment Investment and Spending Policies – The Foundations have adopted investment and spending policies, approved by their respective Boards of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The primary objective of the investments will be to provide for long-term return growth of principle and income without undue exposure to risk enabling the Foundations to make grants on a continuing and reasonably consistent basis. Therefore, the focus is on consistent long-term capital appreciation, with income generation as a secondary consideration. The Foundations' target is a diversified asset allocation that will enable the foundations to achieve their long-term return objectives within prudent risk parameters.

Accounts Receivable – Accounts receivable consists of requests for advances and/or reimbursements to grantor and pass-through agencies for grant funds, as well as balances due from individuals and organizations for program fees.

Pledges Receivable – Pledges (promises to give) are recognized when the donor makes a promise to give to CCFI that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Pledges receivable at December 31st were as follows:

	<u>2020</u>	<u>2019</u>
Due in 1 year	\$ 138,695	\$ 290,682
Due in 2 – 5 years	166,024	273,145
Due in 5 – 10 years	<u>22,158</u>	<u>32,641</u>
Total	<u>\$ 326,877</u>	<u>\$ 596,468</u>

Reserve for Uncollectible Pledges – CCFI uses the allowance method to determine uncollectible promises receivable. This reserve has been established to more accurately reflect the value of pledges receivable. Based on historical information and trend analysis, management established this reserve at 22.5% of total pledges receivable at December 31, 2020 and 11.7% of total pledges receivable at December 31, 2019. The reserve account equaled \$73,585 on December 31, 2020 and \$69,836 on December 31, 2019.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and Equipment – Acquisitions of property and equipment are stated at cost at date of acquisition or fair value at date of donation or contribution. Expenditures for maintenance and repairs are charged to expense as incurred. Assets costing \$5,000 or more are capitalized using the straight-line method based on the estimated useful life of the asset.

Inventory – Inventories are stated at the lower of cost or market value and consist of diapers, formula and other items donated to be distributed to charitable beneficiaries at the Organization's discretion.

Cost Allocation – The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits are charged directly to the programs for which work has been done based on estimates of time and effort. Occupancy costs are allocated on a square footage basis and other costs such as supplies, printing, travel, etc. which cannot be specifically identified to a program or supporting function are allocated to programs based on each program's direct salaries to total salaries expense. Allocation percentages are developed during the budget process.

Concentrations of Credit Risk – Financial instruments that potentially expose CCFI to concentrations of credit risk consist of cash, accounts receivable, and pledges receivable. Cash is deposited in high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation. Accounts receivable consist of billings made to grantor agencies for services rendered or under the terms of the various grants and contracts and are considered to be fully collectible. As previously discussed, CCFI has established a reserve for uncollectible pledges to more accurately report risks associated with its pledges receivable.

Use of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Information – The financial statements include certain 2019 comparative information. With respect to the statement of activities, such prior information is not presented by net asset class. In the statement of functional expenses, 2019 expenses by object are presented in total rather than by function category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019 from which the summarized information was derived.

Income Taxes and Uncertain Tax Positions

Income Tax Status – The Organization 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. From time to time, the Organization has unrelated business income related to contracts with the Oklahoma Department of Mental Health and Substance Abuse Services to provide consulting services to Griffin Memorial Hospital and Central Oklahoma Mental Health Center. Revenues totaling \$12,821 were received for these services in 2020. No accrual has been made to accrue a liability for unrelated business income tax, as any amount due is considered to be immaterial to the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Organization 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. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization 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 the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at 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, the Organization has no open examinations with the Internal Revenue Service or the Oklahoma Tax Commission.

NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects CCFI's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or board mandated restriction within one year of the statement of financial position date. Donor-restricted resources are available to support general expenditures to the extent that restrictions on those resources will be met by conducting the normal activities of CCFI's programs in the coming year.

	<u>2020</u>	<u>2019</u>
Financial assets at year end	\$ 1,519,829	\$ 1,272,061
Less those unavailable for general expenditures within one year		
Pledges receivable due in more than one year, net	(114,597)	(305,787)
Donor restricted investments	(218,138)	(204,167)
Board designated reserves:		
For operations	(174,494)	(174,494)
For maintenance	(50,411)	(38,661)
For unemployment	(18,487)	(18,487)
Retirement forfeitures	(14)	(1,887)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 943,688</u>	<u>\$ 528,578</u>

As part of CCFI's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically, money market funds. In addition, the Organization has access to a \$500,000 line of credit for operating funds. To date, no draws have been made on this line of credit.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 4: PROPERTY AND EQUIPMENT

Activity related to property and equipment is identified below.

	Balance 2019	Additions	Retirements	Balance 2020
Buildings	\$ 3,221,173	\$ 6,482	\$ 0	\$ 3,227,655
Furniture and Fixtures	21,256	0	0	21,256
Office Equipment	5,852	0	0	5,852
Play Equipment	71,571	16,539	0	88,110
	<u>3,319,852</u>	<u>\$ 23,021</u>	<u>\$ 0</u>	<u>3,342,873</u>
Less Accumulated Depreciation	(401,133)	\$(76,627)	\$ 0	(477,760)
Net Property and Equipment	<u>\$ 2,918,719</u>			<u>\$ 2,865,113</u>

Current year depreciation expense equaled \$76,627.

NOTE 5: LONG-TERM DEBT

- 1) The organization is party to a \$1 million line of credit (LOC) with a local bank which has been utilized for capital construction costs. This LOC bears a 5% variable interest rate and has a 3-year term, maturing in May 2021. Outstanding principal and all accrued unpaid interest are due May 31, 2021. Borrower is to pay regular semi-annual payments of all accrued unpaid interest beginning November 30, 2018 with subsequent payments due each half-year after that. This note was paid in full in 2020
- 2) CCFI is party to a \$500,000 line of credit (LOC) with a local bank. This LOC bears a 5.25% variable interest rate and matures June 2021. The LOC is to be used for operations as needed. To date, no draws have been made on this LOC.
- 3) In April 2020, CCFI applied for and was awarded a loan from the Small Business Administration under the Paycheck Protection Program, which was authorized by the CARES Act. This loan was in the amount of \$287,100 and, in accordance with the terms of the agreement, was forgiven on January 6, 2021.
- 4) In May 2020, CCFI was awarded an Economic Impact Disaster Loan (EIDL) by the Small Business Administration. This loan, in the amount of \$150,000 is a 30 year note and bears an interest rate of 2.75%. CCFI is to make monthly payments of \$641.00 each month beginning May 2022. Maturity date is May 18, 2050. Loan balance at December 31, 2020 equaled \$150,000.

	Balance 2019	Additions	Retirements	Balance 2020
Note 1	\$ 71,693	\$ 0	\$ 71,693	\$ 0
Note 3	0	287,100	0	287,100
Note 4	0	150,000	0	150,000
Total	<u>\$ 71,693</u>	<u>\$ 437,100</u>	<u>\$ 17,693</u>	<u>\$ 437,100</u>

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 5: LONG-TERM DEBT, CONTINUED

Future debt service requirements equal:

	Note 4		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 0	\$ 0	\$ 0
2022	2,166	2,733	4,899
2023	3,325	4,024	7,349
2024	3,417	3,931	7,348
2025	3,512	3,836	7,348
Thereafter	<u>137,580</u>	<u>55,926</u>	<u>193,506</u>
	<u>\$ 150,000</u>	<u>\$ 70,450</u>	<u>\$ 220,450</u>

NOTE 6 FAIR VALUE MEASUREMENT

The definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Fair value is defined as the amount that would be received from the sale of an asset or paid for the transfers of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs.

Level 1: Quoted Prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spread and credit risk).

Level 3: Significant unobservable inputs (including the organization's own assumptions in determining the fair value of investments).

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31st are as follows:

Fiscal year ended December 31, 2020

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Other Significant Observable Inputs (Level 2)</u>
Investments:			
Community Foundation of Oklahoma	\$ 954	\$ 954	\$ 0
Oklahoma City Community Foundation	<u>217,184</u>	<u>217,184</u>	<u>0</u>
Total Investments	<u>\$ 218,138</u>	<u>\$ 218,138</u>	<u>\$ 0</u>

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 6 FAIR VALUE MEASUREMENT, CONTINUED

Fiscal year ended December 31, 2019

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Other Significant Observable Inputs (Level 2)</u>
Investments:			
Community Foundation of Oklahoma	\$ 726	\$ 726	\$ 0
Oklahoma City Community Foundation	<u>203,441</u>	<u>203,441</u>	<u>0</u>
Total Investments	<u>\$ 204,167</u>	<u>\$ 204,167</u>	<u>\$ 0</u>

NOTE 7: CONCENTRATIONS

CCFI derives a significant amount of its revenue from service contracts and grants from federal and state agencies. A significant reduction in the level of revenue from these agencies could have a material effect on the organization's programs, activities and operations.

NOTE 8: DONATED MATERIALS AND SERVICES

Donated materials and services are reflected as contributions at their estimated value on the date of receipt based on industry standards. The financial statements include the following in-kind donations:

	<u>2020</u>	<u>2019</u>
Space	\$ 150	\$ 16,800
Donated Goods	83,353	45,845
Professional Services	<u>1,350</u>	<u>0</u>
Total	<u>\$ 84,853</u>	<u>\$ 62,645</u>

Many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. Volunteers provided 5,295 hours of non-professional services in 2020 and 9,206 hours in 2019.

NOTE 9: BOARD DESIGNATED NET ASSETS

Management has designated a portion of net assets without donor restrictions for the following uses:

	<u>2020</u>	<u>2019</u>
Operating Reserve	\$ 174,494	\$ 174,494
Maintenance Reserve	50,411	38,661
Unemployment Reserve	<u>18,487</u>	<u>18,487</u>
Total Designated Net Assets Without Donor Restrictions	<u>\$ 243,392</u>	<u>\$ 231,642</u>

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 10: CONTINGENCIES

In the normal course of operations, CCFI receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of the funds. Any liability for a reimbursement which may arise as the result of the audits of the grant funds is not believed to be material.

NOTE 11: COMPENSATED ABSENCES

The organization recognizes its obligation relating to employees' rights to receive compensation for future absences attributable to services already rendered. Amounts accrued have been derived from the payroll system and estimated based on hours of leave accrued. The organization's liability for compensated absences equaled \$44,087 on December 31, 2020 and \$30,515 on December 31, 2019.

NOTE 12: EMPLOYEE BENEFIT PLANS

IRC Section 125 Flexible Benefits Plan – The organization maintains a cafeteria plan under Section 125 of the Internal Revenue Code. The benefits offered are medical expense reimbursement and dependent care reimbursement. An employee is eligible to participate if he/she works a minimum of 20 hours per week and may become a participant on the first day of the month following 30 days of employment.

IRC Section 403(b) Plan – CCFI's basic employer contribution plan is an ERISA 403(b) defined contribution plan. Employees are eligible to participate if they work at least 20 hours per week. Eligibility, benefits, definitions and requirements are determined by the Plan Agreement.

The Board of Directors may provide a non-elective employer retirement contribution, based on available financial resources, by a percentage to be determined by the Board, of each employee's annual salary. The employer contribution is authorized by the Board of Directors as part of the annual budget process and, like all items within the budget, is subject to change at any time by the Board of Directors depending on the financial status and needs of the Center for Children and Families, Inc. Additionally, the employee may choose to contribute up to 2% of their annual wages to be eligible for up to 2% employer match. Employer contributions for the years ended December 31, 2020 and 2019 equaled \$36,848 and \$29,145 respectively.

NOTE 13: RISKS AND UNCERTAINTIES

In early March 2020, the COVID-19 virus was declared a global pandemic, and it continues to spread. The outbreak in the United States has caused business disruption through mandated and voluntary closing of service sites and restrictions placed on delivery of services. While the disruption is currently expected to be temporary, the extent of the impact of COVID-19 on our operations and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our clients, employees and vendors and current vaccination efforts, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Management of CCFI has evaluated subsequent events through May 24, 2021, which is the date the financial statements were available to be issued.

Saunders & Associates, PLLC

Certified Public Accountants

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Website: www.saunderscpas.com

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
Center for Children & Families, 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 Center for Children & Families, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Center for Children & Families, 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 Center for Children & Families, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Center for Children & Families, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Center for Children & Families, Inc.'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 Center for Children & Families, Inc.'s financial statements are free of 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 Center for Children & Families, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Center for Children & Families, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Saunders & Associates, PLLC".

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

May 24, 2021

Saunders & Associates, PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Center for Children & Families, Inc.

Report on Compliance for Each Major Program

We have audited Center for Children & Families, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Center for Children & Families, Inc.'s major federal programs for the year ended December 31, 2020. Center for Children & Families, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Center for Children & Families, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Center for Children & Families, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Center for Children & Families, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Center for Children & Families, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Center for Children & Families, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Center for Children & Families, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Center for Children & Families, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected, and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

May 24, 2021

SUPPLEMENTAL INFORMATION

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended December 31, 2020

Program Title/Source	Identifying Number	CFDA No.	Additional Identifier	Award	Expenditures
Federal Funding:					
<u>U. S. Department of Justice</u>					
Passed Through Oklahoma District Attorney's Council:	73-0933253				
VOCA Program (20-21)		16.575		\$ 303,600	\$ 98,500
VOCA Program (19-20)		16.575		346,610	253,883
Total U. S. Department of Justice					<u>352,383</u>
<u>U.S. Small Business Administration</u>					
Disaster Assistance Loans	73-0933253	59.008		150,000	<u>150,000</u>
<u>U.S. Department of Treasury</u>					
Passed through Oklahoma Department of Commerce:	73-0933253				
Coronavirus Relief Fund		21.019	COVID	25,000	<u>25,000</u>
Passed through Oklahoma Dept. of Human Services/ Oklahoma Alliance of Boys and Girls Clubs:	73-0933253				
Coronavirus Relief Fund		21.019	COVID	251,158	<u>251,001</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 778,384</u>
State Funding:					
<u>Oklahoma Department of Human Services</u>					
Parent's Assistance Program:					
Child Abuse Prevention (20-21)				\$ 107,500	\$ 38,135
Child Abuse Prevention (19-20)				84,500	25,332
Access and Visitation Services (20-21)				21,240	16,191
Access and Visitation Services (19-20)				22,680	8,547
Youth Mentoring Incentive Grant (20-21)				9,580	3,717
Youth Mentoring Incentive Grant (19-20)				10,169	4,397
Total Oklahoma Department of Human Services					<u>96,319</u>
<u>Oklahoma Department of Mental Health</u>					
Health & Fitness Grant (20-21)				5,556	2,778
Health & Fitness Grant (19-20)				5,921	4,708
Total Oklahoma Department of Mental Health					<u>7,486</u>
TOTAL EXPENDITURES OF STATE AWARDS					<u>\$ 103,805</u>

* The accompanying notes are an integral part of the financial statements.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2020

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Center for Children & Families, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedules only present a selected portion of the operations of the Organization, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2: CONTINGENT LIABILITIES

The organization participates in a number of federally assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the *Single Audit Act Amendments of 1996*, if applicable, in accordance with the required levels of Federal Financial Assistance. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

NOTE 3: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related Federal financial reports filed with the grantor agencies because of accruals made in the schedule which will be included in future reports filed with agencies.

NOTE 4: OUTSTANDING LOAN BALANCES

In May 2020, Center for Children & Families, Inc. was awarded an Economic Impact Disaster Loan (EIDL) by the Small Business Administration. This loan, in the amount of \$150,000 is a 30-year note and bears an interest rate of 2.5%. Loan balance at December 31, 2020 equaled \$150,000.

NOTE 5: INDIRECT COSTS

Center for Children & Families, Inc. has elected not to use the 10 percent de minimus indirect cost rate as allowed under the *Uniform Guidance*.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

STATUS OF PRIOR AUDIT FINDINGS

December 31, 2020

None reported.

CENTER FOR CHILDREN & FAMILIES, INC.
Norman, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended *Date.1*

Section 1 – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified not considered to be material weaknesses? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiencies identified not considered to be material weakness(es)? ☐ Yes ☒ None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section .510(a)? ☐ Yes ☒ No

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Identification of Major Programs:

CFDA #
16.575

PROGRAM TITLE
Victims of Crime Assistance

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.