RESONANCE

Helping Women Change. For Good.

Financial Statements
December 31, 2016 and 2015

with

Independent Auditor's Report

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Directors
Resonance Center for Women, Inc.
Tulsa, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of Resonance Center for Women, Inc., which comprise the statements of financial position as of December 31, 2016 and 2015 and the related statements of activities, cash flows, and functional expenses 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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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 December 31, 2016 and 2015, and the result of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters
Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures of state awards shown on page 17 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 to 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 schedule of expenditures of state awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued a report dated May 31, 2017 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, 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 the 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.

Eide Bailly LLP

Tulsa, Oklahoma
May 31, 2017

	2016	2015
Assets		
Current assets:		
Cash and cash equivalents	$ 562,540	$ 614,064
Accounts receivable	10,383	11,491
Prepaid expenses	17,330	16,590
Total current assets	590,253	642,145
Investments	227,752	211,964
Beneficial interest in assets held by Tulsa Community Foundation	116,061	109,555
Property and equipment, net	363,138	252,504
Total assets	$ 1,297,204	$ 1,216,168
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 6,334	$ 4,087
Accrued payroll	12,856	8,350
Total liabilities	19,190	12,437
Net assets:		
Unrestricted	1,029,228	963,194
Temporarily restricted	248,786	240,537
Total net assets	1,278,014	1,203,731
Total liabilities and net assets	$ 1,297,204	$ 1,216,168

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Contributions	$ 245,567	$ 425,175	$ 670,742
Federal and state contracts	384,422	-	384,422
Program fees	16,881	-	16,881
Take 2 food sales	258,821	-	258,821
Net investment return	22,453	-	22,453
Other income	646	-	646
	928,790	425,175	1,353,965
Gross special event revenue	142,439	-	142,439
Less cost of direct benefits to donors	(20,161)	-	(20,161)
Net special event revenue	122,278	-	122,278
Net assets released from restrictions			
Satisfaction of restrictions	416,926	(416,926)	-
Total revenue	1,467,994	8,249	1,476,243
Expenses:			
Program services	1,223,749	-	1,223,749
Management and general	49,502	-	49,502
Fundraising	128,709	-	128,709
Total expenses	1,401,960	-	1,401,960
Changes in net assets	66,034	8,249	74,283
Net assets, beginning of year	963,194	240,537	1,203,731
Net assets, end of year	$ 1,029,228	$ 248,786	$ 1,278,014

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Contributions	$ 239,329	$ 248,311	$ 487,640
Federal and state contracts	459,624	-	459,624
Program fees	17,286	-	17,286
Net investment return	(12,880)	-	(12,880)
Other income	5,412	-	5,412
	708,771	248,311	957,082
Gross special event revenue	104,699	-	104,699
Less cost of direct benefits to donors	(11,056)	-	(11,056)
Net special event revenue	93,643	-	93,643
Net assets released from restrictions			
Satisfaction of restrictions	222,998	(222,998)	-
Total revenue	1,025,412	25,313	1,050,725
Expenses:			
Program services	775,035	-	775,035
Management and general	50,145	-	50,145
Fundraising	119,163	-	119,163
Total expenses	944,343	-	944,343
Changes in net assets	81,069	25,313	106,382
Net assets, beginning of year	882,125	215,224	1,097,349
Net assets, end of year	$ 963,194	$ 240,537	$ 1,203,731

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	$ 74,283	$ 106,382
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	73,750	26,856
Net realized and unrealized (gains) losses on investments and beneficial interest in assets held by Tulsa Community Foundation	(22,294)	13,044
Changes in assets and liabilities:		
Accounts receivable	1,108	(3,074)
Prepaid expenses	(740)	(1,455)
Accounts payable and accrued expenses	2,247	(4,707)
Accrued payroll	4,506	(4,014)
Deferred income	-	(48,705)
Net cash provided by operating activities	132,860	84,327
Cash Flows from Investing Activities		
Purchase of property and equipment	(184,384)	(75,822)
Increase (decrease) in cash and cash equivalents	(51,524)	8,505
Cash and cash equivalents, beginning of year	614,064	605,559
Cash and cash equivalents, end of year	$ 562,540	$ 614,064

See notes to financial statements.

	Program Services							
	Clinical Services	Re-Entry Services	Take 2 Café	ADSAC	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 279,473	$ 135,549	$ 141,735	$ 14,508	$ 571,265	$ 27,467	$ 59,250	$ 657,982
Payroll taxes	23,050	11,180	11,690	1,197	47,117	2,265	4,887	54,269
Employee benefits	33,654	16,323	17,068	1,747	68,792	3,308	7,135	79,235
Total salaries and related benefits	336,177	163,052	170,493	17,452	687,174	33,040	71,272	791,486
Employee recognition and development	11,136	2,652	593	729	15,110	1,340	1,815	18,265
Professional fees	10,673	85,575	10,823	989	108,060	1,203	3,468	112,731
Cost of food sales	-	-	113,156	-	113,156	-	-	113,156
Facility expense	28,550	12,050	78,875	2,163	121,638	4,448	7,640	133,726
Liability expense	1,930	830	4,621	143	7,524	298	521	8,343
Equipment	6,318	2,405	26,402	503	35,628	1,062	4,262	40,952
Supplies and postage	9,208	10,053	5,369	847	25,477	949	1,583	28,009
Communications expense	4,052	1,969	2,136	277	8,434	1,151	968	10,553
Automobile and travel	7,114	8,146	2,174	121	17,555	1,810	1,469	20,834
Subscriptions and dues	874	261	340	26	1,501	1,540	1,296	4,337
Marketing and printing	2,042	367	4,378	225	7,012	211	23,161	30,384
Public assistance expense	3,661	2,329	-	-	5,990	-	-	5,990
Other expense	-	116	2,293	69	2,478	-	6,966	9,444
Total expenses before depreciation	421,735	289,805	421,653	23,544	1,156,737	47,052	124,421	1,328,210
Depreciation expense	15,928	6,739	43,120	1,225	67,012	2,450	4,288	73,750
Total expenses	$ 437,663	$ 296,544	$ 464,773	$ 24,769	$1,223,749	$ 49,502	$ 128,709	$1,401,960

See notes to financial statements.

	Program Services							
	Clinical Services	Re-Entry Services	Take 2 Café	ADSAC	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 253,842	$ 121,076	$ 52,354	$ 13,029	$ 440,301	$ 26,701	$ 56,543	$ 523,545
Payroll taxes	21,172	10,099	4,367	1,086	36,724	2,227	4,716	43,667
Employee benefits	33,642	16,046	6,939	1,727	58,354	3,539	7,494	69,387
Total salary and related benefits	308,656	147,221	63,660	15,842	535,379	32,467	68,753	636,599
Employee recognition and development	7,467	1,448	-	1,361	10,276	830	1,571	12,677
Professional fees	14,440	76,286	2,162	1,819	94,707	2,145	2,758	99,610
Facility expense	23,080	9,811	-	1,742	34,633	3,554	6,229	44,416
Liability expense	1,778	760	-	134	2,672	274	480	3,426
Equipment	4,977	2,192	546	457	8,172	750	3,837	12,759
Supplies and postage	7,321	8,764	968	976	18,029	1,177	1,520	20,726
Communications expense	4,122	2,022	-	273	6,417	1,160	952	8,529
Automobile and travel	7,268	8,706	764	1,729	18,467	2,660	2,545	23,672
Subscriptions and dues	1,128	170	-	2	1,300	2,493	816	4,609
Marketing and printing	1,219	1,233	12,946	2	15,400	411	19,909	35,720
Public assistance expense	4,828	3,027	-	10	7,865	-	-	7,865
Other expense	161	252	357	-	770	76	6,033	6,879
Total expenses before depreciation	386,445	261,892	81,403	24,347	754,087	47,997	115,403	917,487
Depreciation expense	13,965	5,908	-	1,075	20,948	2,148	3,760	26,856
Total expenses	$ 400,410	$ 267,800	$ 81,403	$ 25,422	$ 775,035	$ 50,145	$ 119,163	$ 944,343

Note 1 – Description of Organization and Summary of Significant Accounting Policies

Organization

Resonance Center for Women, Inc. (Resonance) is a nonprofit 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 identity 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, 2016 and 2015, consist mainly of amounts due to Resonance for services performed under governmental grants. Resonance considers accounts receivable to be fully collectible and, accordingly, no allowance for doubtful accounts is required. Accounts receivable are short-term, non interest bearing, and uncollateralized.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of 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 $116,061 and $109,555 at December 31, 2016 and 2015, 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 $27,404 and $25,867 at December 31, 2016 and 2015, 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 judgment 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 reported 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 2016 or 2015.

Net assets

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

> *Unrestricted* – Net assets available for use in general operations. Unrestricted net assets may be designated for specific purpose by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.
>
> *Temporarily restricted* – Net assets subject to donor-imposed stipulations that can be fulfilled by actions of Resonance or that expire with the passage of time. Resonance reports contributions as temporarily restricted support if they are received with donor stipulations. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.
>
> *Permanently restricted* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by Resonance's actions. Resonance had no permanently restricted net assets at December 31, 2016 or 2015.

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. Management has determined that the entity is not subject to unrelated business income tax.

Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Credit and market risk

Financial instruments that potentially subject Resonance to concentration of credit and market risk consist primarily of cash and cash equivalents, and investments.

Resonance maintains its cash and cash equivalents in Federal Deposit Insurance Corporation (FDIC) bank deposit accounts. From time to time, amounts on deposit may exceed FDIC limits or include uninsured investments in money market mutual funds. To date, Resonance has not experienced losses in any of these accounts.

Investments are diversified according to Resonance's investment policy and their performance is reviewed and monitored by management and the Board of Directors. Although fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of Resonance.

Reclassifications

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

Subsequent events

Resonance has evaluated subsequent events through May 31, 2017, the date the financial statements were available to be issued.

Note 2 – Fair Value Measurements

The fair value measurement standards establish a consistent framework for measuring fair value and a fair value hierarchy based on the observability of inputs used to measure fair value. These inputs are summarized in the three broad levels listed below:

Level 1 – Quoted market prices (unadjusted) in active markets for identical assets or liabilities that Resonance can access at the measurement date.

Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted market prices that are observable for the asset or liability, and market corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability (including Resonance's own assumptions in determining the fair value).

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, 2016			
Equity securities	$ 227,752	$ -	$ -
Beneficial interest in assets held by Tulsa Community Foundation	-	-	116,061
Total	$ 227,752	$ -	$ 116,061
December 31, 2015			
Equity securities	$ 211,964	$ -	$ -
Beneficial interest in assets held by Tulsa Community Foundation	-	-	109,555
Total	$ 211,964	$ -	$ 109,555

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31:

	2016	2015
Balance, January 1	$ 109,555	$ 111,587
Net realized and unrealized gain (loss)	7,227	(2,032)
Investment management fees	(721)	-
Balance, December 31	$ 116,061	$ 109,555

Note 3 – Net Investment Return

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

	2016	2015
Interest and dividends	$ 159	$ 164
Net realized and unrealized gain (loss)	22,294	(13,044)
Total	$ 22,453	$ (12,880)

Note 4 – Property and Equipment

Property and equipment consist of the following at December 31:

	2016	2015
Land	$ 26,000	$ 26,000
Buildings and leasehold improvements	763,434	648,359
Equipment	177,477	117,656
Furniture and fixtures	42,627	33,139
Vehicles	58,744	58,744
	1,068,282	883,898
Accumulated depreciation	(705,144)	(631,394)
Property and equipment, net	$ 363,138	$ 252,504

Depreciation expense was $73,750 and $26,856 for 2016 and 2015, respectively.

Note 5 – Temporarily Restricted Net Assets

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

	2016	2015
Re-entry	$ 217,979	$ 139,015
Clinical	4,973	73,658
Take 2	21,376	18,200
Property and equipment purchases	4,458	8,340
Transitional housing	-	1,324
Total	$ 248,786	$ 240,537

Net assets released from donor restrictions were at December 31:

	2016	2015
Re-entry	$ 232,536	$ 134,892
Clinical	68,685	79,561
Take 2	110,499	-
Property and equipment purchases	3,882	7,546
Other	1,324	999
Total	$ 416,926	$ 222,998

Note 6 – 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 the restaurant portion expiring in February 2020 and the loft housing portion expiring in February 2018.

Future minimum lease payments are as follows:

Year ending December 31,	
2017	$ 71,928
2018	49,928
2019	45,528
2020	10,234
Total minimum lease payments	$ 177,618

Note 7 – 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 2016 and 2015.

Note 8 – 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 receives approximately 12% of its total revenues from one donor. The loss of these funds or extended delays of the receipt of these funds could adversely impact the clinical programs of Resonance.

Supplemental Information

Grantor / Program Title	Contract Period	Contract Amount	Amount Recognized
Oklahoma Department of Health and Substance Abuse Services:			
Drug Court	July 1, 2015 - June 30, 2016	$ 208,418	$ 102,321
	July 1, 2016 - June 30, 2017	202,971	75,587
Probation & Parole	July 1, 2015 - June 30, 2016	9,585	4,578
	July 1, 2016 - June 30, 2017	29,544	4,478
TANF / CW (Federal contract)	July 1, 2015 - June 30, 2016	77,000	42,881
	July 1, 2016 - June 30, 2017	81,500	34,195
CDBG (Federal contract)	July 1, 2015 - June 30, 2016	29,000	4,449
	July 1, 2016 - June 30, 2017	25,631	18,906
Medicaid	July 1, 2015 - June 30, 2016	-	38,831
	July 1, 2016 - June 30, 2017	-	42,201
		$ 663,649	$ 368,427

Report of 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*

To the Board of Directors
Resonance Center for Women, Inc.
Tulsa, Oklahoma

We have audited, 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, the financial statements of Resonance Center for Women, Inc. (Resonance), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 31, 2017.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Resonance'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's internal control. Accordingly, we do not express an opinion on the effectiveness of Resonance'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 over financial reporting 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 financial reporting 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. We did identify a certain deficiency in internal control, described below, that we consider to be a significant deficiency.

Donated Items

Criteria:
The organization should have internal controls in place to ensure that all donated goods and services meeting the criteria for recognition are recorded in the proper period.

Condition:
During our audit, we noted certain goods and services donated in connection with a special event had not been recorded.

Cause:
The organization's processes were not designed to ensure that all new in-kind donations for a special event were recorded.

Effect:
Insufficient controls over donated items could result in understatement of revenues and expenses.

Recommendation:
Resonance should ensure that controls are in place and functioning properly to ensure that all donated items are properly recorded and presented in accordance with accounting principles generally accepted in the United States.

Response of Management:
In the first year of our modified fundraiser model, we elected to secure as many donated items as possible, including food, beverage, and many of the auction items, in an effort to maintain an acceptable expense ratio, to be good stewards of our sponsors' donations, and to also maintain the integrity and entertainment value of our fundraising event. While we have controls in place to ensure that donated items are recorded, the $17,000 increase in contribution revenue and offsetting $17,000 increase in cost of direct benefits to donors, resulting in $0 change in net assets, was omitted from our closing entries. We have taken steps to revise our closing procedures to avoid such omissions in the future.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Resonance'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*.

Resonance's Response to Findings
Resonance's response to the findings identified in our audit is described above. Resonance's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Resonance Center for Women, 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 Resonance's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Tulsa, Oklahoma
May 31, 2017