

RESONANCE

Helping Women Change. For Good.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Resonance Center for Women, Inc.

Opinion

We have audited the accompanying financial statements of Resonance Center for Women, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2022, on our consideration of Resonance Center for Women, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Resonance Center for Women, Inc.'s internal control over financial reporting and compliance.

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

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

May 27, 2022

Tulsa, Oklahoma

RESONANCE CENTER FOR WOMEN, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,291,506	\$ 1,052,741
Accounts receivable	27,432	128,434
Promises to give, current	122,000	175,000
Prepaid expenses	32,834	39,763
	<u>1,473,772</u>	<u>1,395,938</u>
Total current assets		
NONCURRENT ASSETS		
Investments	550,340	449,328
Beneficial interest in assets held by Tulsa Community Foundation	191,312	171,592
	<u>196,055</u>	<u>207,150</u>
Property and equipment, net of depreciation		
Total noncurrent assets	<u>937,707</u>	<u>828,070</u>
TOTAL ASSETS	<u>\$ 2,411,479</u>	<u>\$ 2,224,008</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 12,464	\$ 12,486
Accrued payroll	34,587	24,870
Current portion of notes payable	3,380	3,252
	<u>50,431</u>	<u>40,608</u>
Total current liabilities		
Notes payable, net of current portion	<u>-</u>	<u>185,580</u>
Total liabilities	<u>50,431</u>	<u>226,188</u>
NET ASSETS		
Without donor restrictions	1,785,300	1,365,939
With donor restrictions	575,748	631,881
	<u>2,361,048</u>	<u>1,997,820</u>
Total net assets		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,411,479</u>	<u>\$ 2,224,008</u>

RESONANCE CENTER FOR WOMEN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 378,482	\$ 536,300	\$ 914,782
Federal and state contracts	610,870	-	610,870
Program fees	10,876	-	10,876
Take 2 food sales	217,260	-	217,260
Net investment return	120,886	-	120,886
Other income	203,171	-	203,171
	<u>1,541,545</u>	<u>536,300</u>	<u>2,077,845</u>
Gross special event revenue	189,383	-	189,383
Less cost of direct benefits to donors	<u>(10,340)</u>	<u>-</u>	<u>(10,340)</u>
Net special event revenue	<u>179,043</u>	<u>-</u>	<u>179,043</u>
Net assets released from restrictions	<u>592,433</u>	<u>(592,433)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>2,313,021</u>	<u>(56,133)</u>	<u>2,256,888</u>
EXPENSES			
Program services	1,623,056	-	1,623,056
Management and general	65,373	-	65,373
Fundraising	<u>205,231</u>	<u>-</u>	<u>205,231</u>
TOTAL EXPENSES	<u>1,893,660</u>	<u>-</u>	<u>1,893,660</u>
INCREASE (DECREASE) IN NET ASSETS	<u>419,361</u>	<u>(56,133)</u>	<u>363,228</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,365,939</u>	<u>631,881</u>	<u>1,997,820</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,785,300</u></u>	<u><u>\$ 575,748</u></u>	<u><u>\$ 2,361,048</u></u>

RESONANCE CENTER FOR WOMEN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 335,604	\$ 668,000	\$ 1,003,604
Federal and state contracts	503,537	-	503,537
Program fees	18,718	-	18,718
Take 2 food sales	119,100	-	119,100
Net investment return	128,251	-	128,251
Other income	95,139	-	95,139
	<u>1,200,349</u>	<u>668,000</u>	<u>1,868,349</u>
Gross special event revenue	112,084	-	112,084
Less cost of direct benefits to donors	-	-	-
	<u>112,084</u>	<u>-</u>	<u>112,084</u>
Net special event revenue	112,084	-	112,084
Net assets released from restrictions	474,613	(474,613)	-
	<u>1,787,046</u>	<u>193,387</u>	<u>1,980,433</u>
TOTAL PUBLIC SUPPORT AND REVENUE			
EXPENSES			
Program services	1,419,581	-	1,419,581
Management and general	55,729	-	55,729
Fundraising	161,646	-	161,646
	<u>1,636,956</u>	<u>-</u>	<u>1,636,956</u>
TOTAL EXPENSES			
INCREASE IN NET ASSETS	<u>150,090</u>	<u>193,387</u>	<u>343,477</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,215,849</u>	<u>438,494</u>	<u>1,654,343</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,365,939</u></u>	<u><u>\$ 631,881</u></u>	<u><u>\$ 1,997,820</u></u>

RESONANCE CENTER FOR WOMEN, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 363,228	\$ 343,477
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	53,880	54,984
Gain on forgiveness of PPP loan	(182,200)	-
Net realized and unrealized gains on investments and beneficial interest in assets held by Tulsa Community Foundation	(120,732)	(128,067)
Changes in assets and liabilities:		
Change in accounts receivable	101,002	(49,504)
Change in prepaid expenses	6,929	(12,182)
Change in promises to give	53,000	(32,375)
Change in accounts payable and accrued expenses	(22)	2,465
Change in accrued payroll	9,717	9,138
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>284,802</u>	<u>187,936</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(42,785)	(6,560)
NET CASH USED IN INVESTING ACTIVITIES	<u>(42,785)</u>	<u>(6,560)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of note payable	-	182,200
Principal payments on note payable	(3,252)	(3,127)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(3,252)</u>	<u>179,073</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	238,765	360,449
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,052,741</u>	<u>692,292</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,291,506</u></u>	<u><u>\$ 1,052,741</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 200	\$ 324

RESONANCE CENTER FOR WOMEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services				Total Program Services	Management and General	Fundraising	Total
	Clinical Services	Re-Entry Services	Take 2 Café	ADSAC				
Salaries	\$ 245,996	\$ 473,650	\$ 144,020	\$ 4,233	\$ 867,899	\$ 28,089	\$ 67,078	\$ 963,066
Payroll taxes	21,470	39,765	11,799	368	73,402	3,052	5,586	82,040
Employee benefits	19,014	13,989	18,003	300	51,306	1,736	6,229	59,271
Total salaries and related benefits	286,480	527,404	173,822	4,901	992,607	32,877	78,893	1,104,377
Employee recognition and development	7,479	4,462	1,075	421	13,437	977	1,114	15,528
Professional fees	27,504	61,276	13,270	812	102,862	14,154	10,122	127,138
Cost of food sales	-	-	89,621	-	89,621	-	-	89,621
Facility expense	37,937	64,895	77,265	2,503	182,600	6,741	12,160	201,501
Liability expense	2,576	1,717	-	172	4,465	458	801	5,724
Equipment	10,806	4,838	21,279	509	37,432	1,069	4,259	42,760
Supplies and postage	12,867	29,721	4,788	996	48,372	1,233	2,288	51,893
Communications expense	1,820	5,428	4,958	108	12,314	907	510	13,731
Automobile and travel	5,961	18,333	3,068	84	27,446	1,413	1,240	30,099
Subscriptions and dues	1,419	274	-	18	1,711	891	90	2,692
Marketing and printing	286	640	3,439	14	4,379	532	78,321	83,232
Public assistance expense	2,784	55,700	-	663	59,147	-	-	59,147
Other expense	441	415	-	18	874	1,179	10,284	12,337
Total expenses before depreciation	398,360	775,103	392,585	11,219	1,577,267	62,431	200,082	1,839,780
Depreciation expense	16,550	11,033	17,103	1,103	45,789	2,942	5,149	53,880
Total expenses	<u>\$ 414,910</u>	<u>\$ 786,136</u>	<u>\$ 409,688</u>	<u>\$ 12,322</u>	<u>\$1,623,056</u>	<u>\$ 65,373</u>	<u>\$ 205,231</u>	<u>\$ 1,893,660</u>

RESONANCE CENTER FOR WOMEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services				Total Program Services	Management and General	Fundraising	Total
	Clinical Services	Re-Entry Services	Take 2 Café	ADSAC				
Salaries	\$ 239,225	\$ 411,486	\$ 132,163	\$ 10,634	\$ 793,508	\$ 29,130	\$ 65,429	\$ 888,067
Payroll taxes	19,998	34,583	9,990	1,019	65,590	2,851	5,539	73,980
Employee benefits	14,576	20,750	9,582	807	45,715	3,708	4,560	53,983
Total salaries and related benefits	273,799	466,819	151,735	12,460	904,813	35,689	75,528	1,016,030
Employee recognition and development	7,717	6,369	1,123	216	15,425	991	1,106	17,522
Professional fees	18,847	46,550	10,104	976	76,477	3,665	5,416	85,558
Cost of food sales	-	-	43,444	-	43,444	-	-	43,444
Facility expense	42,952	25,217	93,094	1,563	162,826	4,187	7,452	174,465
Liability expense	2,386	1,619	-	159	4,164	424	742	5,330
Equipment	11,180	6,390	14,812	563	32,945	1,200	8,596	42,741
Supplies and postage	11,650	17,699	4,854	976	35,179	1,170	1,934	38,283
Communications expense	1,557	3,758	4,067	86	9,468	778	402	10,648
Automobile and travel	6,643	22,449	2,056	121	31,269	492	941	32,702
Subscriptions and dues	1,417	263	270	19	1,969	1,390	285	3,644
Marketing and printing	189	207	2,821	3	3,220	852	47,588	51,660
Public assistance expense	3,457	47,386	-	-	50,843	-	-	50,843
Other expense	358	233	-	145	736	1,916	6,450	9,102
Total expenses before depreciation	382,152	644,959	328,380	17,287	1,372,778	52,754	156,440	1,581,972
Depreciation expense	16,732	11,155	17,801	1,115	46,803	2,975	5,206	54,984
Total expenses	<u>\$ 398,884</u>	<u>\$ 656,114</u>	<u>\$ 346,181</u>	<u>\$ 18,402</u>	<u>\$1,419,581</u>	<u>\$ 55,729</u>	<u>\$ 161,646</u>	<u>\$ 1,636,956</u>

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

A – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Resonance Center for Women, Inc. (Resonance) is an Oklahoma non-profit organization formed to promote and support the well-being and self-sufficiency of women and their families challenged by their experience with the criminal justice system. Resonance generates its revenue primarily through private donations from individuals, corporations and foundations; grants from governmental entities and others; and fundraising activities.

Program services include:

Clinical services include outpatient, recovery-oriented treatment for women struggling with substance abuse who have been referred to Resonance through various state and local diversion programs. Therapists work one on one and in group settings to identify the root causes that lead these women into drug and alcohol lifestyles, which lead to the loss of jobs, children, and homes, as well as to the potential for incarceration.

Re-entry support services are offered to non-violent offenders about to transition from prison back into society. The tools and resources provided are designed to reinforce the skills necessary for these women to live self-sufficiently, serve as role models for their children, and pursue positive courses in life.

In March 2016, Resonance expanded its re-entry services by opening Take 2: A Resonance Café (Take 2), a restaurant that serves as a work training program for women transitioning out of prison. Take 2 offers participants a safe, positive, and educational work environment as well as housing in loft space above the restaurant. In April 2021, Resonance further expanded its re-entry services by opening Resonance House, a residence providing additional housing to women post-incarceration.

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, 2021 and 2020, consists 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.

Promises to give

Resonance records unconditional contributions receivable that are expected to be collected within one year at net realizable value. Unconditional contributions receivable expected to be collected in future years, if any, are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Resonance determines the allowance for uncollectable unconditional contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Unconditional contributions receivables are written off when deemed uncollectable. At December 31, 2021 and 2020, Resonance considers all unconditional contributions receivable to be collectible and therefore no allowance has been provided.

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

A – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Investments

Investment purchases are recorded at cost, or if donated, at fair market value on the date of the donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists 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 \$191,312 and \$171,592 at December 31, 2021 and 2020, 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 \$45,171 and \$40,515 at December 31, 2021 and 2020, respectively.

The Foundation has variance power over all funds held by the Foundation for the benefit of Resonance. Under its variance power, the Foundation's trustees may modify any restrictions or conditions on distributions from the fund if, in the sole judgement of the trustees, the restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Foundation.

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation. Donated property and equipment is recorded at fair value on the date of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 31 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Maintenance, repairs and minor replacements are expensed.

Resonance reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent the carrying value exceeds the fair value of the asset. No impairments were recorded in 2021 or 2020.

Net assets

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Resonance's management and the Board of Trustees.

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

A – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Net assets (continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Resonance or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Revenue recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. All goods and services are transferred at a point in time. 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 are incurred.

In-kind contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of goods and services. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements and similarly increase contribution revenue by a like amount.

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. Salaries, payroll taxes, and employee benefits are allocated based on time studies performed by Resonance. All other expense categories are allocated based on estimates of usage by each program or supporting service.

Income taxes

Resonance is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a) of the Code. As a result, as long as Resonance maintains its tax exemption, and does not engage in business activities that are unrelated to its exempt purposes, it will not be subject to income tax.

Resonance files income tax returns in the U.S. federal jurisdiction and the state of Oklahoma. The statute of limitations for both federal and Oklahoma tax returns is three years, therefore tax returns filed over three years ago are no longer subject to examination.

Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

A – DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Management estimates - continued

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. As of December 31, 2021 and 2020, Resonance's cash balances exceeded FDIC insurance limits by approximately \$903,000 and \$650,000, respectively. To date, Resonance has not experienced losses in any of these accounts.

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

New accounting pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance lessees are required to recognize lease assets and lease liabilities on the consolidated statement of financial position of all leases with terms longer than twelve months. Leases will be classified as either financing or operating, with classification affecting the pattern of expense recognition in the consolidated statement of income. The new standard is effective for fiscal year beginning after December 15, 2021, including interim periods within those fiscal years. Resonance will be evaluating the impact this standard will have on its financial statements and related disclosures.

Subsequent events

Resonance has evaluated subsequent events through May 27, 2022, the date the financial statements were available to be issued.

B – FAIR VALUE MEASUREMENTS

Accounting Standards Codification (ASC) Topic 820-10, Fair Value Measurements and Disclosures, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It also establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of inputs are as follows:

Level 1

- Unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

B – FAIR VALUE MEASUREMENTS (continued)

Level 2

- Quoted prices in active markets for similar assets and liabilities.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3

- Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Resonance's investment assets are classified at Level 1 as they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values. The fair value of Resonance's beneficial interest in 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
<u>December 31, 2021</u>			
Equity securities	\$ 550,340	\$ -	\$ -
Beneficial interest in assets held by Tulsa Community Foundation	-	-	191,312
Total	<u>\$ 550,340</u>	<u>\$ -</u>	<u>\$ 191,312</u>
	Fair Value Measurements		
	Level 1	Level 2	Level 3
<u>December 31, 2020</u>			
Equity securities	\$ 449,328	\$ -	\$ -
Beneficial interest in assets held by Tulsa Community Foundation	-	-	171,592
Total	<u>\$ 449,328</u>	<u>\$ -</u>	<u>\$ 171,592</u>

C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2021	2020
Land	\$ 26,000	\$ 26,000
Buildings and leasehold improvements	790,892	777,792
Equipment	163,751	152,749
Furniture and fixtures	61,903	48,172
Vehicles	88,739	88,739
	<u>1,131,285</u>	<u>1,093,452</u>
Accumulated depreciation	<u>(935,230)</u>	<u>(886,302)</u>
Property and equipment, net	<u>\$ 196,055</u>	<u>\$ 207,150</u>

Depreciation expense was \$53,880 and \$54,984 for 2021 and 2020, respectively.

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

D – PROMISES TO GIVE

Promises to give consist of amounts due from foundations recorded at present value. Resonance has determined an allowance for uncollectable promises to give is not necessary.

E – NOTES PAYABLE

Resonance has a vehicle loan due in monthly installments of \$260, including interest at 3.89% per annum, and maturing January 2023. The loan is secured by the vehicle, with a carrying value of \$3,380.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act, (CARES Act) was enacted in response to the COVID-19 pandemic. In April 2020, Resonance received loan proceeds of \$182,200 from a bank under the Paycheck Protection Program (PPP), which was established as part of the CARES Act. The note payable matured in April 2022, bore interest at 1%, and required monthly principal and interest payments commencing in November 2020. Loan proceeds from the PPP loan were forgivable, after a period of time, if Resonance used the funds for qualified expenditures through September 2020. As the loan had yet to be forgiven at December 31, 2020, Resonance elected to treat the PPP loan as a financial liability under Accounting Standards Codification (ASC) 470, Debt, and ASC 405, Liabilities. In March 2021, the lender and Small Business Administration approved forgiveness of the loan and accrued interest. Resonance reduced the liability and recorded a related revenue on that date, when it was legally released from the liability.

F – NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Re-entry services	\$ 516,804	\$ 620,963
Clinical services	4,975	7,735
Time restricted - promise to give	3,183	-
Property and equipment purchases	50,786	3,183
	<u>575,748</u>	<u>631,881</u>
Total subject to expenditure for specified purpose or period	\$ 575,748	\$ 631,881

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

	2021	2020
Re-entry	\$ 518,959	\$ 354,730
Clinical	67,760	84,240
Time restricted - promise to give	-	19,043
Take 2	-	2,000
Property and equipment purchases	4,000	14,600
Other	1,714	-
	<u>592,433</u>	<u>474,613</u>
Total released from donor restriction	\$ 592,433	\$ 474,613

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

G – LEASES

Resonance leases office equipment under an operating lease expiring in September 2024. Resonance entered into a real estate operating lease in late 2015 for the Take 2 restaurant location and loft housing above the restaurant; the lease commenced in March 2016, with both the restaurant and loft housing portion expiring in July 2022. Resonance also entered into real estate operating leases for an Oklahoma City office and a residential home in Tulsa; the leases commenced in February 2020 and April 2021, respectively, and expire in October 2022 and April 2022, respectively.

Total lease expense was \$83,098 and \$87,228 for the years ended December 31, 2021 and 2020, respectively, and is included with facility and equipment expenses on the Statements of Functional Expenses.

Future minimum lease payments are as follows:

Year ending December 31,	
2022	\$ 51,394
2023	3,804
2024	<u>2,853</u>
Total minimum lease payments	<u>\$ 58,051</u>

H – EMPLOYEE BENEFITS

Resonance sponsors 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 Internal Revenue Code. Discretionary employer contributions are determined and authorized by the Board of Directors each year. No discretionary employer contributions were made during 2021 and 2020.

I – CONCENTRATIONS

A substantial portion of Resonance's support and revenue is derived from various grants and contracts which depend directly or indirectly, on continued funding from state and federal contracts. Resonance also received approximately 33% and 35%, respectively, of its total contributions from one donor for the year ended December 31, 2021, and two donors for the year ended December 31, 2020. The loss of these funds or extended delays of the receipt of these funds could adversely impact the clinical programs of Resonance.

J – LIQUIDITY AND AVAILABILITY OF RESOURCES

Resonance's financial assets available for general expenditure within one year of the statement of financial position are as follows for December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,291,506	\$ 1,052,741
Promises to give	122,000	175,000
Accounts receivable	<u>27,432</u>	<u>128,434</u>
Total financial assets available within one year	1,440,938	1,356,175
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	<u>572,565</u>	<u>631,881</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 868,373</u>	<u>\$ 724,294</u>

RESONANCE CENTER FOR WOMEN, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

J – LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

Resonance maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Resonance follows the recommended practice of having a three-month cash availability to cover daily operating expenses, including payroll.

SUPPLEMENTAL INFORMATION

RESONANCE CENTER FOR WOMEN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

Grantor / Program Title	Contract Period	Contract Amount	Amount Recognized*
Oklahoma Department of Health and Substance Abuse Services:			
Medicaid	Medicaid	\$ -	\$ 70,707
		-	66,829
TANF	July 1, 2020 - June 30, 2021	-	-
	July 1, 2021 - June 30, 2022	500	-
ChildWelfare	July 1, 2020 - June 30, 2021	49,856	33,626
	July 1, 2021 - June 30, 2022	50,000	16,080
02 Contract	July 1, 2020 - June 30, 2021	40,401	26,625
	July 1, 2021 - June 30, 2022	20,709	10,356
Gambling Screen	July 1, 2020 - June 30, 2021	1,075	540
	July 1, 2021 - June 30, 2022	5,000	325
Drug Court	July 1, 2020 - June 30, 2021	54,292	32,364
	July 1, 2021 - June 30, 2022	35,812	17,725
Community Sentencing CS	July 1, 2020 - June 30, 2021	18,360	14,044
	July 1, 2021 - June 30, 2022	38,406	22,803
Total Oklahoma Department of Health and Substance Abuse Services		314,411	312,024
U.S. Department of Housing and Urban Development / City of Tulsa, Oklahoma Community Development Block Grants / Entitlement Grants:	July 1, 2020 - June 30, 2021	21,500	4,854
	July 1, 2021 - June 30, 2022	31,361	19,453
Total U.S. Department of Housing and Urban Development		52,861	24,307
U.S. Department of Justice Second Chance Act Reentry Initiative:	Jan. 1, 2021 - Dec. 31, 2021	992,224	263,472
U.S. Department of the Treasury / City of Tulsa, Oklahoma Coronavirus State and Local Fiscal Recovery Fund:	July 1, 2021 - June 30, 2022	30,800	11,067
		\$ 1,390,296	\$ 610,870

*Amount recognized represents revenue recognized under each award in accordance with revenue recognition accounting policies outlined in Note A.

OTHER REPORT



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Shaun B. Wertz, CPA
Taylor D. Gilpin, CPA
Seth P. Carr, CPA
D. Brent Allison, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Resonance Center for Women, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Resonance Center for Women, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 27, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Resonance Center for Women, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Resonance Center for Women, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Resonance Center for Women, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Resonance Center for Women, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

Certified Public Accountants

May 27, 2022

Tulsa, Oklahoma