

Calm Waters Center for Children and Families, Inc.

Financial Statements and Auditor's Report Thereon
As of and for the years ending June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Calm Waters Center for Children and Families, Inc.

We have audited the accompanying financial statements of Calm Waters Center for Children and Families, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Calm Waters Center for Children and Families, Inc. as of June 30, 2017, 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.

Russell + Williams CPA's, P.C.

Oklahoma City, Oklahoma
January 4, 2018

Calm Waters Center For Children and Families, Inc.

Statement of Position

June 30, 2017

Assets

Cash and Cash Equivalents	\$	555,827.78
Contributions & Grants Receivable		52,800.00
Beneficial Interest in Assets Held by Others		247,081.71
Prepaid Expenses		8,665.21
Property and Equipment, Net		<u>12,465.91</u>
Total Assets	\$	<u><u>876,840.61</u></u>

Liabilities and Net Assets

Liabilities

Accounts Payable & Accrued Expenses	\$	<u>10,097.35</u>
Total Liabilities		10,097.35

Net Assets

Unrestricted		678,805.28
Temporarily Restricted		<u>187,937.98</u>
Total Net Assets		<u>866,743.26</u>
Total Liabilities and Net Assets	\$	<u><u>876,840.61</u></u>

The accompanying notes are an integral part of these financial statements.

Calm Waters Center For Children and Families, Inc.
Statement of Activities
For the Year Ending June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, Gains and Other Support			
Contributions	\$ 79,812.56	\$ -	\$ 79,812.56
In-Kind Contributions	22,170.64	-	22,170.64
Grants	214,908.00	77,500.00	292,408.00
Programs	44,137.00	-	44,137.00
Special Events	232,229.56	-	232,229.56
Interest, net realized and unrealized gains, and other	16,514.42	-	16,514.42
Net Assets Released from Restrictions	279,313.83	(279,313.83)	-
Total Revenues, Gains and Other Support	889,086.01	(201,813.83)	687,272.18
Expenditures			
Program Expenses	382,687.23	-	382,687.23
Development and Training	67,477.69	-	67,477.69
General Administrative	60,151.60	-	60,151.60
Fundraising	127,139.83	-	127,139.83
Total Expenditures	637,456.35	-	637,456.35
Change in Net Assets	251,629.66	(201,813.83)	49,815.83
Beginning Net Assets	427,175.62	389,751.81	816,927.43
Ending Net Assets	\$ 678,805.28	\$ 187,937.98	\$ 866,743.26

The accompanying notes are an integral part of these financial statements.

Calm Waters Center For Children and Families, Inc.
Statement of Functional Expense
June 30, 2017

	School		Support	Total		Fundraising	General	
	Groups	Seminars	Groups	Program	Development	Events	and	Totals
				Expenses	& Training		Administrative	
Salaries	\$ 54,421.23	\$ 30,770.15	\$ 99,400.92	\$ 184,592.30	55,499.69	\$ 38,080.21	\$ 24,350.79	\$ 302,522.99
Employee Benefits	1,017.79	473.71	17,788.47	19,279.97	1,526.80	6,183.18	14,272.77	41,262.72
Payroll Processing	274.63	19.20	852.13	1,145.96	60.36	87.34	58.76	1,352.42
Payroll Taxes	4,294.93	2,304.73	7,587.57	14,187.23	4,209.65	2,869.28	1,903.78	23,169.94
Total Personnel Expenses	<u>60,008.58</u>	<u>33,567.79</u>	<u>125,629.09</u>	<u>219,205.46</u>	<u>61,296.50</u>	<u>47,220.01</u>	<u>40,586.10</u>	<u>368,308.07</u>
Bank Charges	-	50.00	-	50.00	-	289.43	3,511.69	3,851.12
Continuing Education & Travel	247.27	18.36	1,156.21	1,421.84	109.61	121.39	193.38	1,846.22
Contract Labor	31,097.64	9,120.00	220.00	40,437.64	-	-	-	40,437.64
Depreciation	550.01	41.86	1,492.83	2,084.70	235.77	104.79	193.78	2,619.04
Donor/Development	1.63	-	70.90	72.53	43.50	52.00	-	168.03
Dues, Books and Publications	466.80	20.68	997.10	1,484.58	80.95	3,511.95	263.62	5,341.10
Endowment Activity Fees	-	-	-	-	-	-	2,388.63	2,388.63
Food & Catering	387.70	343.97	1,273.19	2,004.86	68.10	837.87	336.68	3,247.51
Fundraising Event Expenses	-	-	-	-	-	59,869.59	-	59,869.59
Insurance	455.96	46.87	1,575.60	2,078.43	106.45	180.98	4,188.53	6,554.39
IT Support	2,125.84	176.56	6,852.74	9,155.14	352.96	889.39	1,204.01	11,601.50
Legal & Accounting	3,850.00	281.60	12,028.40	16,160.00	580.00	1,500.00	790.00	19,030.00
Maintenance & Repair	956.70	12.30	3,774.47	4,743.47	32.10	14.27	26.39	4,816.23
Miscellaneous	60.92	12.68	425.83	499.43	-	400.00	-	899.43
Postage	464.61	32.08	1,314.33	1,811.02	194.14	110.07	195.95	2,311.18
Printing	122.89	12.93	399.62	535.44	35.14	3,959.69	130.87	4,661.14
Program Expense - Training	344.01	25.48	674.10	1,043.59	-	34.00	14.40	1,091.99
Public Relations Media	601.96	39.62	1,724.39	2,365.97	884.28	2,057.91	288.98	5,597.14
Rent	14,205.10	1,113.24	43,627.53	58,945.87	2,899.00	4,928.30	3,362.83	70,136.00
Security	81.97	6.39	248.13	336.49	18.71	26.60	166.60	548.40
Supplies	1,200.33	385.67	3,721.07	5,307.07	186.65	413.58	1,862.30	7,769.60
Telephone	660.05	49.83	1,945.45	2,655.33	171.35	311.58	177.02	3,315.28
Travel	8,626.02	13.80	625.39	9,265.21	116.70	204.41	117.60	9,703.92
Volunteer Appreciation	198.10	10.57	814.49	1,023.16	65.78	102.02	152.24	1,343.20
Total Expenses	<u>\$ 126,714.09</u>	<u>\$ 45,382.28</u>	<u>\$ 210,590.86</u>	<u>\$ 382,687.23</u>	<u>\$ 67,477.69</u>	<u>\$ 127,139.83</u>	<u>\$ 60,151.60</u>	<u>\$ 637,456.35</u>

The accompanying notes are an integral part of these financial statements.

Calm Waters Center For Children and Families, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss)	\$ 49,815.83
Adjustments to reconcile Net Income (Loss) to net Cash Provided by (used in) operating activities:	
Depreciation and Amortization	2,619.04
Decrease (Increase) in Operating Assets	
Accounts Receivable	(52,800.00)
Prepaid Expenses	(83.06)
(Decrease) Increase in Operating Liabilities	
Accounts Payable	<u>3,742.81</u>
Total Adjustments	<u>(46,521.21)</u>
Net Cash Provided By (Used in) Operating Activities	<u>3,294.62</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	-
Net Purchases and Sales of Investments	<u>(12,589.62)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(12,589.62)</u>

**NET INCREASE (DECREASE) IN CASH
AND CASH EQUIVALENTS**

(9,295.00)

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD

565,122.78

CASH AND CASH EQUIVALENTS AT END OF PERIOD

\$ 555,827.78

Calm Waters Center For Children and Families, Inc.
NOTES TO FINANCIAL STATEMENTS
As of and for the year ended June 30, 2017

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Calm Waters Center for Children and Families, Inc. (the "Center") is a not-for-profit corporation organized to facilitate healing in children and families whose lives have been changed by the death of a loved one or divorce; to heighten individual and public awareness of grief responses in children and adults; to teach healthy coping, communication, parenting and relationship skills; and to be a resource for education, research and development in the grief experience.

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

1. Basis of Presentation

The Center maintains its accounts on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The financial statements include certain prior year summarized comparative totals. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2017, from which the summarized totals were derived.

2. Recognition of Donor Restrictions

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

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. Generally, the donors of these assets permit the institution to use all or part of the income earned on related investments for general or specific purposes. The Center has no permanently restricted net assets as of June 30, 2017.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Center and/or the passage of time.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Revenues whose restrictions are met in the same reporting period are reported as unrestricted net assets.

Calm Waters Center For Children and Families, Inc.

NOTES TO FINANCIAL STATEMENTS

As of and for the year ended June 30, 2017

3. Cash and Cash Equivalents

The Center considers all highly liquid investments with maturities of three months or less when acquired to be cash equivalents. For purposes of the statement of cash flows, cash includes interest bearing checking accounts. Restricted cash generally represents donations received that are restricted to future periods or for specific purposes. There was no restricted cash at June 30, 2017.

4. Donated Materials and Services

For the year ended June 30, 2017, in-kind donations were approximately \$22,170, consisting principally of advertising, professional fees, printing and supplies. These contributions are recognized when used and are included in contributions and events revenues and support and in the related expenses in the accompanying statement of activities at the estimated fair value of the goods or services received. Equipment, if any, is included with furniture and equipment in the accompanying statement of financial position at the estimated fair value and will be depreciated over its useful life.

A significant portion of the agency's events and free grief programs are conducted by community volunteers. Calm Waters relies on trained volunteers to facilitate Center-based Grief and Divorce Support Groups and Edmond Family-based Grief Support Groups which directly served 290 children and their family members. In addition, 1,563 students attended Calm Waters' free School-based Grief Support Groups in 20 Oklahoma metro public school systems. 2,883 individuals were directly served. More than 125 volunteers provide free service to the organization by: facilitating support groups, serving on the board of directors, providing support for fundraising events and providing office assistance. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the accounting criteria for recognition.

5. Receivables

Grants receivable are recorded as current or non-current based on the payment schedule as indicated by the grantor upon award. All grants will be received by 2017. All grants are considered fully collectible and therefore, no allowance has been made for uncollectible amounts as of June 30, 2017.

6. Concentrations of Credit Risk

Financial instruments that potentially expose the Center to concentrations of credit risk consist of cash. These assets are maintained at high-quality financial institutions and accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2017.

7. Investments

Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in unrestricted net assets unless specifically restricted by a donor. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Calm Waters Center For Children and Families, Inc.
NOTES TO FINANCIAL STATEMENTS
As of and for the year ended June 30, 2017

8. Furniture and Equipment

Furniture and equipment are recorded at cost. Contributed furniture and equipment are recorded at fair value at the date of contribution. Property and equipment are depreciated over their useful lives of three or seven years using the straight-line method.

9. Functional Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on a percentage as determined by management.

10. Income Taxes

The Center qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, as such, is exempt from federal income taxes, except for amounts relating to unrelated business income. There was no unrelated business income in 2017. Accordingly, no provision for taxes has been made in the accompanying financial statements. The Center believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. Generally, the Center is no longer subject to income tax examinations by federal, state or local tax authorities for years prior to 2015.

11. 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 disclosures of contingent 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.

NOTE B - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Certain assets of the Center have been transferred to Communities Foundation of Oklahoma, Inc. (CFO) to be held and invested by CFO for the benefit of the Center. The Board of Directors of CFO makes investment decisions, and income earned on the investment is distributable on a basis determined by CFO. The principal amount of the investment, which is the value of the original amount transferred by the Center, cannot be distributed without the approval of the Board of Directors of CFO. This transfer is considered to be a reciprocal transfer as the Center designated itself as the beneficiary. Accordingly, at June 30, 2017, the Center has recognized a beneficial interest in assets held by others of \$247,082, in the accompanying statement of financial position.

Contributions to CFO made by others for the benefit of the Center are not included on the Center's statement of financial position as CFO has variance power over these assets. At June 30, 2017, the market value of this fund was \$28,301.

Calm Waters Center For Children and Families, Inc.
NOTES TO FINANCIAL STATEMENTS
As of and for the year ended June 30, 2017

NOTE C - EMPLOYEE BENEFIT PLAN

The Center provides a defined contribution retirement plan for its employees. All eligible employees participate on the same basis and the Center is required to make matching contributions equal to the employee contributions up to 3% of the employee's annual salary. Total contributions to the plan for the year ending June 30, 2017 were \$3,977.

NOTE D – LEASES

The Center leases office space, under a lease which expires September 2019. Rent expense incurred under this lease in 2017, was \$69,576, and is allocated to various categories in the accompanying statement of functional expense. Future minimum lease payments are due as follows:

Year ending June 30:	
2018	72,252
2019	72,252
	<u>\$ 144,504</u>

NOTE E - LINE OF CREDIT

The Center has a \$50,000 line of credit with BancFirst that matures on September 15, 2017. The line of credit is collateralized by the Center's beneficial interest in assets held by others and bears interest at the prime rate as defined in agreement with a floor of 4.5%. There were no outstanding borrowings on this line of credit as of June 30, 2017.

NOTE G - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codifications (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. ASC 820 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 and establishes a three level hierarchy for measuring fair value. The statement requires fair value measurements be classified and disclosed in one of three categories.

ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Calm Waters Center For Children and Families, Inc.
NOTES TO FINANCIAL STATEMENTS
As of and for the year ended June 30, 2017

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Beneficial Interest in Assets Held by Others

These assets are reported at fair value based on the fair value of the underlying assets of CFO's investment pool.

The following table summarizes financial assets measured at fair value on a recurring basis as of June 30, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	2017			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Beneficial interest in assets held by others	\$ -	\$ 247,082	\$ -	\$ 247,082
	\$ -	\$ 247,082	\$ -	\$ 247,082

NOTE H - SUBSEQUENT EVENTS

The Center has evaluated events or transactions that occurred subsequent to June 30, 2017 through January 4, 2018, the date these financial statements were issued, for potential recognition or disclosure in these financial statements.