

Calm Waters Center for Children and Families, Inc.

Financial Statements and Auditor's Report Thereon
As of and for the years ending June 30, 2019

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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, 2019, 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, 2019, 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
November 11, 2019

Calm Waters Center For Children and Families, Inc.

Statement of Position

June 30, 2019

Assets

Cash and Cash Equivalents	\$ 194,838.72
Contributions & Grants Receivable	104,000.00
Beneficial Interest in Assets Held by Others	249,093.72
Prepaid Expenses	4,280.21
Property and Equipment, Net	<u>8,230.68</u>
Total Assets	<u>\$ 560,443.33</u>

Liabilities and Net Assets

Liabilities

Accounts Payable & Accrued Expenses	\$ 18,392.93
Total Liabilities	18,392.93

Net Assets

Without Donor Restrictions	542,050.40
With Donor Restrictions	-
Total Net Assets	<u>542,050.40</u>
Total Liabilities and Net Assets	<u>\$ 560,443.33</u>

Calm Waters Center For Children and Families, Inc.

Statement of Activities
For the Year Ending June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 75,203.16	\$ -	\$ 75,203.16
Grants	224,281.82	-	224,281.82
Programs	67,762.25	-	67,762.25
Special Events	141,739.30	-	141,739.30
Interest, net realized and unrealized gains, and other	16,571.06	-	16,571.06
Net Assets Released from Restrictions	28,091.03	(28,091.03)	-
Total Revenues, Gains and Other Support	553,648.62	(28,091.03)	525,557.59
Expenditures			
Program Expenses	366,210.65	-	366,210.65
Development and Training	2,219.93	-	2,219.93
General Administrative	85,905.89	-	85,905.89
Fundraising	194,206.51	-	194,206.51
Total Expenditures	648,542.98	<b">-</b">	648,542.98
Change in Net Assets	(94,894.36)	(28,091.03)	(122,985.39)
Beginning Net Assets	636,944.76	28,091.03	665,035.79
Ending Net Assets	\$ 542,050.40	\$ -	\$ 542,050.40

Calm Waters Center For Children and Families, Inc.
Statement of Functional Expense
June 30, 2019

	School Groups	Seminars	Support Groups	Total Program Expenses	Development & Training	Fundraising	General and Administrative	Totals
Salaries	\$ 110,970.63	\$ 52,460.49	\$ 23,758.19	\$ 187,189.31	-	\$ 104,298.07	\$ 34,628.82	\$ 326,116.20
Employee Benefits	5,277.51	597.26	5,598.88	11,473.65	-	11,357.92	16,589.83	39,421.40
Payroll Processing	981.09	466.42	210.07	1,657.58	-	843.04	371.86	2,872.48
Payroll Taxes	8,458.97	3,998.46	1,808.25	14,265.68	-	8,005.63	1,373.44	23,644.75
Total Personnel Expenses	125,688.20	57,522.63	31,375.39	214,586.22	-	124,504.66	52,963.95	392,054.83
Bank Charges	-	308.00	-	308.00	-	236.49	3,920.10	4,464.59
Continuing Education & Travel	426.78	202.53	94.04	723.35	924.23	50.00	171.34	1,868.92
Contract Labor	26,732.40	9,760.00	-	36,492.40	-	6,528.75	-	43,021.15
Depreciation	366.12	128.16	1,189.80	1,684.08	-	91.44	54.96	1,830.48
Donor/Development	-	-	-	-	-	1,353.44	42.54	1,395.98
Dues, Books and Publications	417.12	151.77	755.81	1,324.70	-	1,507.15	645.55	3,477.40
Food & Catering	215.34	76.61	192.34	484.29	-	246.98	772.51	1,503.78
Fundraising Event Expenses	-	-	-	-	-	41,707.17	-	41,707.17
Insurance	1,273.93	448.92	4,074.56	5,797.41	-	328.81	187.78	6,314.00
IT Support	1,652.52	694.28	3,256.18	5,602.98	-	1,996.28	151.85	7,751.11
Legal & Accounting	3,575.00	1,492.50	4,643.50	9,711.00	54.00	2,435.00	21,625.00	33,825.00
Maintenance & Repair	13.60	1.36	44.20	59.16	3.40	-	87.04	149.60
Miscellaneous	-	-	-	-	-	36.87	17.00	53.87
Postage	56.54	19.79	186.44	262.77	-	355.64	884.88	1,503.29
Printing	627.92	301.86	138.12	1,067.90	-	213.42	28.57	1,309.89
Program Expense - Training	-	-	-	-	-	-	120.91	120.91
Public Relations Media	-	-	-	-	-	6,573.55	32.00	6,605.55
Rent	14,450.40	5,057.64	46,963.80	66,471.84	-	3,612.60	2,167.56	72,252.00
Security	113.34	39.93	331.70	484.97	1.81	24.59	25.68	537.05
Small Equipment	1,224.43	597.29	268.78	2,090.50	-	547.01	348.90	2,986.41
Supplies	1,681.96	519.21	2,764.74	4,965.91	779.42	591.36	929.17	7,265.86
Telephone	1,584.65	879.15	367.53	2,831.33	28.94	1,104.67	230.01	4,194.95
Travel	10,375.39	16.20	437.53	10,829.12	428.13	132.62	199.93	11,589.80
Volunteer Appreciation	58.52	17.00	357.20	432.72	-	28.01	298.66	759.39
Total Expenses	\$ 190,534.16	\$ 78,234.83	\$ 97,441.66	\$ 366,210.65	\$ 2,219.93	\$ 194,206.51	\$ 85,905.89	\$ 648,542.98

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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss)	\$(122,985.39)
Adjustments to reconcile Net Income (Loss) to net	
Cash Provided by (used in) operating activities:	
Depreciation and Amortization	1,830.48
Decrease (Increase) in Operating Assets	
Accounts Receivable	(86,633.50)
Prepaid Expenses	4,643.88
(Decrease) Increase in Operating Liabilities	
Accounts Payable	<u>14,209.96</u>
Total Adjustments	<u>(65,949.18)</u>
Net Cash Provided By (Used in) Operating Activities	<u>(188,934.57)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	-
Net Purchases and Sales of Investments	<u>924.78</u>
Net Cash Provided By (Used In) Investing Activities	<u>924.78</u>

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

(188,009.79)

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD 382,848.51

CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 194,838.72

Calm Waters Center For Children and Families, Inc.

NOTES TO FINANCIAL STATEMENTS

As of and for the year ended June 30, 2019

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.

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Organizations*). Under FASB ASU No. 2016-14, the Network is required to report information regarding its financial position and activities according to two classes of net assets; without donor restrictions and with donor restrictions. As of June 30, 2019, the Organization had only net assets without donor restrictions.

2. 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, 2019.

3. Donated Materials and Services

For the year ended June 30, 2019, in-kind donations were approximately \$-0-, 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 491 children and their family members. In addition, 1,538 students attended Calm Waters' free School-based Grief Support Groups in 77 Oklahoma metro public school systems. 4,458 individuals were directly served. More than 71 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

Calm Waters Center For Children and Families, Inc.

NOTES TO FINANCIAL STATEMENTS

As of and for the year ended June 30, 2019

contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the accounting criteria for recognition.

4. Receivables

Grants receivable are recorded as current or non-current based on the payment schedule as indicated by the grantor upon award. All grants receivables will be received in fiscal year 2020. All grants are considered fully collectible and therefore, no allowance has been made for uncollectible amounts as of June 30, 2019.

5. 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, 2019.

6. 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.

7. 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.

8. 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.

9. 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 2019. 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 2017.

Calm Waters Center For Children and Families, Inc.

NOTES TO FINANCIAL STATEMENTS

As of and for the year ended June 30, 2019

10. 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.

11. Availability of Resources and Liquidity

The Organization has \$298,839 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$194,839, grants receivable of \$104,000, and short-term investments of \$-0-. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The grants receivable are subject to time restrictions but are expected to be collected within one year. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$162,136. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in excess of daily requirements in various short-term investments including, certificate of deposits and short-term treasury instruments.

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, 2019, the Center has recognized a beneficial interest in assets held by others of \$249,094, 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, 2019, the market value of this fund was \$28,532.

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, 2019 were \$2,985.

Calm Waters Center For Children and Families, Inc.

NOTES TO FINANCIAL STATEMENTS

As of and for the year ended June 30, 2019

NOTE D – LEASES

The Center leases office space, under a lease which expires September 2021. Rent expense incurred under this lease in 2019, was \$72,252, 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:	
2020	72,252
2021	<u>72,252</u>
	<u>\$ 144,504</u>

NOTE E - 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.

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.

Calm Waters Center For Children and Families, Inc.

NOTES TO FINANCIAL STATEMENTS

As of and for the year ended June 30, 2019

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:

	2019			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
	\$ -	\$ 249,094	\$ -	\$ 249,094
Beneficial interest in assets held by others				

NOTE F - SUBSEQUENT EVENTS

The Center has evaluated events or transactions that occurred subsequent to June 30, 2019 through November 11, 2019, the date these financial statements were issued, for potential recognition or disclosure in these financial statements.