

**OKLAHOMA INSTITUTE FOR
CHILD ADVOCACY**

FINANCIAL STATEMENTS

For the Year Ended December 31, 2022

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Oklahoma Institute for Child Advocacy, Inc.

Opinion

We have audited the accompanying financial statements of Oklahoma Institute for Child Advocacy, Inc. (a nonprofit organization) ("OICA"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year 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 OICA as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 OICA and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Changes in Accounting Principle

As discussed in Note 6 to the financial statements, for the period ended December 31, 2022, the Foundation adopted the new accounting standard ASC 842 *Leases*. Our opinions are not modified with respect to this matter.

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 OICA'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 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 OICA'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 OICA'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.

Arledge & Associates PC

August 17, 2023
Edmond, Oklahoma



OKLAHOMA INSTITUTE FOR CHILD ADVOCACY

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 103,459
Prepaid expenses	1,250
Lease right-of-use assets	<u>20,263</u>
Total current assets	<u>124,972</u>
Long term assets:	
Computers and software	35,275
Less: accumulated depreciation	<u>(35,275)</u>
Total long-term assets	<u>-</u>
Total assets	<u>\$ 124,972</u>
Liabilities and Net Assets	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 11,893
Lease liabilities	<u>20,263</u>
Total current liabilities	<u>32,156</u>
Total liabilities	<u>32,156</u>
Net assets:	
Net assets without donor restrictions	56,665
Net assets with donor restrictions	<u>36,151</u>
Total net assets	<u>92,816</u>
Total liabilities and net assets	<u>\$ 124,972</u>

See notes to financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Grant revenue	\$ 35,500	\$ -	\$ 35,500
Contributions and sponsorships	147,443	46,035	193,478
Registration and membership fees	57,122	-	57,122
Special events and other fundraising	290,495	-	290,495
Other	35,039	-	35,039
Net assets released from restriction	171,945	(171,945)	-
Total revenues and other support	<u>\$ 737,543</u>	<u>\$ (125,909)</u>	<u>\$ 611,634</u>
Expenses:			
Program services:			
Program Advocacy	\$ 25,328	\$ -	\$ 25,328
Fall Forum	24,543	-	24,543
Legislative Learning Lab	17,108	-	17,108
Grants	65,710	-	65,710
Total program services	<u>132,689</u>	<u>-</u>	<u>132,689</u>
Support services:			
General and administrative	293,202	-	293,202
Fundraising	251,874	-	251,874
Total support services	<u>545,076</u>	<u>-</u>	<u>545,076</u>
Total expenses	<u>677,766</u>	<u>-</u>	<u>677,766</u>
Increase (decrease) in net assets	59,777	(125,909)	(66,132)
Net assets, beginning of year	<u>(3,112)</u>	<u>162,060</u>	<u>158,948</u>
Net assets, end of year	<u>\$ 56,665</u>	<u>\$ 36,151</u>	<u>\$ 92,816</u>

See notes to financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services				Total Programs	Support Services		Total Supporting Services	Total Expenses
	Program Advocacy	Fall Forum	Legislative Learning Lab	Grants		General & Administrative	Fundraising		
Expenses:									
Bank fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,049	\$ -	\$ 8,049	\$ 8,049
Contract services	-	-	-	5,000	5,000	-	34,705	34,705	39,705
Dues and subscriptions	166	-	-	-	166	6,918	-	6,918	7,084
Employee benefits	2,738	4,184	2,738	-	9,660	39,044	15,598	54,642	64,302
Facilities expenses	-	-	-	743	743	2,943	317	3,260	4,003
Amortization	-	-	-	4,111	4,111	16,287	1,754	18,041	22,152
Insurance	-	-	-	-	-	10,980	-	10,980	10,980
Marketing and advertising	8,054	-	-	-	8,054	-	18,330	18,330	26,384
Office supplies	-	-	-	-	-	2,472	-	2,472	2,472
Other	-	-	-	-	-	340	-	340	340
Printing and postage	-	-	-	-	-	7,814	7,814	15,628	15,628
Professional services	-	-	-	1,018	1,018	23,285	-	23,285	24,303
Salary and wages	10,933	16,922	10,933	20,694	59,482	161,696	63,789	225,485	284,967
Special and other fundraising events	3,437	3,437	3,437	32,000	42,311	-	92,925	92,925	135,236
Staff and training	-	-	-	-	-	494	-	494	494
Telephone and information tech	-	-	-	656	656	12,879	-	12,879	13,535
Travel expenses	-	-	-	1,489	1,489	-	16,642	16,642	18,131
Total expenses	\$ 25,328	\$ 24,543	\$ 17,108	\$ 65,710	\$ 132,689	\$ 293,202	\$ 251,874	\$ 545,076	\$ 677,766

See notes to the financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>
Reconciliation of change in net assets to cash provided by operating activities:	
Change in net assets	\$ (66,132)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	22,152
Change in operating assets and liabilities net:	
Accounts receivable	12,038
Prepaid expenses	3,325
Accounts payable and accrued liabilities	<u>(8,447)</u>
Net cash provided by operating activities	<u>(37,064)</u>
Financing activities:	
Repayments of lease liability	<u>(22,152)</u>
Net cash (used in) provided by financing activities	<u>(22,152)</u>
Net change in cash	(59,216)
Cash and cash equivalents at beginning of year	<u>162,675</u>
Cash and cash equivalents at end of year	<u>\$ 103,459</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash paid for interest	\$ 79

See notes to the financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – NATURE OF ACTIVITIES

Nature of Operations – The Oklahoma Institute for Child Advocacy (OICA) was organized in 1983 as a not-for-profit corporation for children in Oklahoma. The Organization’s mission is the create awareness, take action, and change policy on behalf of children and youth. The Organization affirms the value and vulnerability of children and youth by raising awareness of their needs, and by promoting public policies, programs, and preventive strategies to ensure that they reach their full potential.

Program Activities – The most significant program activities include:

Program Advocacy - Legislative advocacy that we do year-round, working with the law makers on proposed legislation and reviewing legislative policies during the session and summarizing actions by the legislature after the session. In addition, we work on interim studies to assist law makers on these reviews.

Fall Forum – An annual conference for professionals, community advocates, and interested individuals and organizations who serve Oklahoma’s children and youth.

Legislative Learning Lab – Through the work of OICA, the goal is to have a better-educated network of advocates working to improve policies in the State of Oklahoma to better serve children. The Legislative Learning Lab helps by educating and training advocates to strongly and effectively use their voices for policy changes. Advocates who attend the Legislative Learning Lab will come away with a better understanding of the Oklahoma legislative process and the framework of the Oklahoma state government. With a better understanding, advocates can more effectively promote their work to policymakers.

OK Lead- (Leadership, Engagement, Advocacy, Development) brings together students from different demographics (foster youth, tribal youth, and children of incarcerated Oklahomans) for three days of development in the following areas: leadership skills, advocacy training, personal fiscal responsibility, educational attainment, etiquette, Oklahoma history, debate and interview skills, the legislative process, and a community service project.

OICA Annual Calendar – The Annual Calendar is designed to share information concerning Oklahoma’s children and how policies and laws directly affect their lives. OICA highlights a different child related statistic and promotes a different youth related program on each day of the calendar. A copy of the Annual Calendar is provided to each Oklahoma lawmaker, state and federal, as well as cabinet secretaries.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – OICA follows the recommendations contained in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958, *Financial Statements of Not-For-Profit Organizations*, which establishes standards of basic accounting and reporting for not-for-profit organizations. Under this standard, OICA is required to report information regarding its financial position and activities according to two classes of net assets, with donor restriction and without donor restriction. Contributions received are reported as with donor restrictions or without donor restriction depending on the existence or nature of any donor restrictions.

Cash and Cash Equivalents – OICA considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. The accompanying financial statements include investments in money market funds with a total value of approximately \$26,000 as of December 31, 2022. These money market funds are considered as cash and cash equivalents due to their highly liquid nature and minimal risk of value fluctuations.

Contributions – In 2022, OICA received grants and contract support from private foundations, corporations, and individuals. OICA recognizes contributions when, cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Grants and contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Property and Equipment – OICA records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 7 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. At December 31, 2022, all assets owned by OICA were fully depreciated.

Income Taxes and Uncertain Tax Positions – OICA qualifies as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is subject to a tax on income from any unrelated business, as defined by Section 509(a)(1) of the Code. OICA currently has no unrelated business income. Accordingly, no provision has been made for income taxes in the accompanying financial statements.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes and Uncertain Tax Positions (cont'd) – OICA has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations by taxing authorities. OICA has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates.

OICA believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on OICA's financial condition, results of operations, or cash flows. Accordingly, OICA has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions as of December 31, 2022.

Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, OICA has no open examinations with the Internal Revenue Service or the Oklahoma Tax Commission.

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. OICA reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Contributions with restrictions that expire or were satisfied in the same year the contribution was received are reported as contributions received without donor restrictions.

Advertising Costs - Advertising costs are expensed as incurred, and totaled \$2,548 during the year ended December 31, 2022.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, expenses by function have been allocated among program and supporting services classifications on the basis of time records and other estimates made by OICA's management

Concentration of Credit Risk – OICA manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts.

Implementation of New Accounting Guidance - In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For private entities and non-profit organizations, the lease accounting standard effective date went into effect for fiscal years starting after December 15, 2021. The Association has implemented and adopted ASU 2016-02 (ASC 842). See Note 6 relating to the adoption of the new lease standard.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires us 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.

Subsequent events – OICA has evaluated subsequent events through August 17, 2023, the date which the financial statements were available to be issued.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

OICA maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table provides information about OICA’s liquidity as of December 31:

	<u>2022</u>
Cash and cash equivalents	\$ <u>103,459</u>
Less net assets with donor imposed purpose restrictions	<u>(36,151)</u>
	\$ <u><u>67,308</u></u>

As part of our liquidity management plan, OICA invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021, OICA has net assets restricted for the following purposes:

Time restrictions:	
2023 Desktop Calendar	\$ <u>24,461</u>
Purpose restrictions:	
Holiday Letters	<u>11,690</u>
Total donor restrictions	\$ <u><u>36,151</u></u>

OICA has no net assets to be held in perpetuity.

NOTE 5 – RETIREMENT PLAN

OICA offers a Simple IRA retirement plan (the “Plan”) for eligible regular full-time and regular part-time employees. OICA matches the employee’s contribution up to 3% of gross pay. During the year ended December 31, 2022 OICA incurred \$5,377 of employer matching expenses related to the Plan.

As of December 31, 2022, OICA has a liability of \$1,511 related to employee withholdings and employer matches for 2022.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 6 – LEASES

The Company operates one lease as it leases general office space in Oklahoma City, Oklahoma, under a non-cancellable operating lease for 1,666 square feet of space until November 30, 2023. The lease was entered into and commenced on December 1, 2020.

Right-of-use assets:		
January 1, 2022	\$	42,415
Amortization		<u>(22,152)</u>
Total lease assets	\$	<u>20,263</u>
Liabilities:		
January 1, 2022	\$	42,415
Lease payments		(22,231)
Interest accretion		<u>79</u>
Total lease liabilities	\$	<u>20,263</u>
Lease cost at December 31, 2022	\$	20,263
Operating cash flows for lease	\$	22,152
Remaining lease term		Less than a year
Discount rate		0.22%

Pursuant to the terms of the Company's lease agreements in effect at January 1, 2022, the following table summarized the Company's maturities of operating lease liabilities as of December 31, 2022.

2023	\$	20,379
Thereafter		<u>-</u>
Total Lease Payments		20,379
Less: imputed interest		<u>(116)</u>
Present value of lease liabilities		20,263
Less: current obligations under leases		<u>20,263</u>
Long-term portion of lease obligations	\$	<u>-</u>

The Foundation adopted Accounting Standards Codification (ASC) 842, Leases, on January 1, 2022 using the modified retrospective approach. ASC 842 requires lessees to recognize lease assets and lease liabilities on the balance sheet for most leases. As a result of the adoption of ASC 842, a restatement was made to the Association's prior year combined balance sheet increasing lease liabilities \$42,415 and corresponding right-of-use assets \$42,415. The Association's adoption did not have a material impact on the Association's income statement or cash flow statement.

OKLAHOMA INSTITUTE FOR CHILD ADVOCACY, INC.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 6 – LEASES (CONTINUED)

The Foundation has elected to apply a practical expedient in accordance with ASC 842-20-30-3 that allows the lessee to use the risk-free rate to calculate the internal borrowing rate.