

***AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

**ANGELS FOSTER FAMILY
NETWORK OKC, INC.**

December 31, 2022

Audited Financial Statements

ANGELS FOSTER FAMILY NETWORK OKC, INC.

December 31, 2022

Table of Contents

Audited Financial Statements

Independent Auditors' Report.....	1
Statements of Financial Position.....	4
Statements of Activities	5
Statements of Cash Flows	6
Statements of Functional Expenses.....	7
Notes to Financial Statements.....	8

Internal Control and Compliance Report

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15
--	----

Supplementary Information

Schedule of Expenditures of State Awards.....	17
Schedule of Revenues and Expenses by Program – Year Ended December 31, 2022	18



Independent Auditors' Report

To the Board of Directors
Angels Foster Family Network OKC, Inc.
Edmond, Oklahoma

Opinion

We have audited the accompanying financial statements of Angels Foster Family Network OKC, Inc. (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, cash flows and functional expenses 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, 2022 and 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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.

Auditors' Responsibilities for the Audit of 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 auditors' 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 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Organization taken as a whole. The schedules of expenditures of state awards and revenues and expenses by program for the year ended December 31, 2022 on pages 17 and 18 are presented for purposes of additional analysis and are 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 June 6, 2023, on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

Rose Rock CPAs PLLC

Edmond, Oklahoma
June 6, 2023

ANGELS FOSTER FAMILY NETWORK OKC, INC.

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 900,106	\$ 1,122,800
Investments	251,638	-
Accounts receivable	217,676	88,346
Prepaid and other assets	31,123	26,843
Total current assets	1,400,543	1,237,989
Fixed Assets:		
Building	1,278,486	1,278,486
Equipment and furniture	95,010	95,010
Leasehold improvements	123,367	123,367
Right of use asset - operating	181,933	-
	1,678,796	1,496,863
Less accumulated depreciation and amortization	426,288	347,610
	1,252,508	1,149,253
Total assets	<u>\$ 2,653,051</u>	<u>\$ 2,387,242</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 21,981	\$ 21,920
Current portion of operating lease obligation	45,417	-
Total current liabilities	67,398	21,920
Operating Lease Obligation, net of current portion	91,099	-
Net Assets:		
Without donor restriction	2,494,554	2,304,269
With donor restriction	-	61,053
Total net assets	2,494,554	2,365,322
Total liabilities and net assets	<u>\$ 2,653,051</u>	<u>\$ 2,387,242</u>

See notes to financial statements.

ANGELS FOSTER FAMILY NETWORK OKC, INC.

STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND OTHER REVENUES						
Grants and contributions	\$ 458,806	\$ -	\$ 458,806	\$ 69,880	\$ 164,833	\$ 234,713
Government contracts	1,209,236	-	1,209,236	1,072,280	-	1,072,280
Foster family application fee	1,540	-	1,540	2,624	-	2,624
Realized and unrealized gain on investment	1,638	-	1,638	-	-	-
Other income	219,873	-	219,873	254,891	-	254,891
Net assets released from restrictions	61,053	(61,053)	-	228,780	(228,780)	-
TOTAL SUPPORT AND OTHER REVENUES	1,952,146	(61,053)	1,891,093	1,628,455	(63,947)	1,564,508
EXPENSES						
Program expenses	1,532,816	-	1,532,816	1,376,371	-	1,376,371
Administrative and general	97,372	-	97,372	127,377	-	127,377
Fundraising	131,673	-	131,673	162,581	-	162,581
TOTAL EXPENSES	1,761,861	-	1,761,861	1,666,329	-	1,666,329
CHANGE IN NET ASSETS	190,285	(61,053)	129,232	(37,874)	(63,947)	(101,821)
NET ASSETS AT BEGINNING OF YEAR	2,304,269	61,053	2,365,322	2,342,143	125,000	2,467,143
NET ASSETS AT END OF YEAR	\$ 2,494,554	\$ -	\$ 2,494,554	\$ 2,304,269	\$ 61,053	\$ 2,365,322

See notes to financial statements.

ANGELS FOSTER FAMILY NETWORK OKC, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 129,232	\$ (101,821)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	33,261	33,429
Realized and unrealized gain on investment	(1,638)	-
Changes in operating assets and liabilities:		
Accounts receivable	(129,330)	6,138
Prepaid and other assets	(4,280)	(12,294)
Accounts payable	61	13,856
Net cash provided by (used in) operating activities	27,306	(60,692)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	-	(314,372)
Net cash used in financing activities	-	(314,372)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed income securities	(250,000)	-
Purchases of equipment	-	(2,218)
Net cash used in investing activities	(250,000)	(2,218)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(222,694)	(377,282)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,122,800	1,500,082
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 900,106</u>	<u>\$ 1,122,800</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ -</u>	<u>\$ 6,000</u>

See notes to financial statements.

ANGELS FOSTER FAMILY NETWORK OKC, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2022				Year Ended December 31, 2021			
	Program Expenses	Administrative and General	Fundraising	Total Expenses	Program Expenses	Administrative and General	Fundraising	Total Expenses
Salaries and personnel	\$ 1,154,666	\$ 48,268	\$ 16,460	\$ 1,219,394	\$ 1,021,388	\$ 82,915	\$ 83,108	\$ 1,187,411
Advertising	2,458	-	614	3,072	3,088	-	772	3,860
Depreciation	28,272	3,326	1,663	33,261	28,415	3,343	1,671	33,429
Insurance	37,570	4,420	2,210	44,200	34,979	4,115	2,058	41,152
Interest expense	-	-	-	-	5,100	600	300	6,000
Outside services	12,542	8,362	-	20,904	11,561	7,707	-	19,268
Professional fees	-	9,975	-	9,975	-	8,804	-	8,804
Program expenses	40,081	-	-	40,081	58,438	-	-	58,438
Rent	52,620	-	-	52,620	51,586	-	-	51,586
Repair and maintenance	10,653	1,253	627	12,533	14,424	1,697	848	16,969
Screening expense	856	-	-	856	299	-	-	299
Special event expense	-	-	102,883	102,883	-	-	67,528	67,528
Stipend / subcontract	98,667	-	-	98,667	88,460	-	-	88,460
Supplies	8,242	9,158	916	18,316	5,543	6,158	616	12,317
Telecommunication	20,663	2,583	2,853	26,099	21,988	2,749	2,749	27,486
Travel and meetings	20,632	2,579	2,579	25,790	14,336	1,792	1,792	17,920
Miscellaneous	44,894	7,448	868	53,210	16,766	7,497	1,139	25,402
	<u>\$ 1,532,816</u>	<u>\$ 97,372</u>	<u>\$ 131,673</u>	<u>\$ 1,761,861</u>	<u>\$ 1,376,371</u>	<u>\$ 127,377</u>	<u>\$ 162,581</u>	<u>\$ 1,666,329</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

ANGELS FOSTER FAMILY NETWORK OKC, INC.

December 31, 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Angels Foster Family Network OKC, Inc. (the “Organization”) was incorporated in June 2008, under the state laws of Oklahoma as a not-for-profit corporation. The Organization is located in Edmond, Oklahoma and works with the Oklahoma Department of Human Services (“DHS”) to form deep community involvement, volunteerism, and cultivate the best foster homes available for infants, toddlers, children, and teens.

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 Restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restriction – Net assets subject to donor (or certain grantor) 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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents: For purposes of the statements of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2022 or 2021.

Contributions Receivable: The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years 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 statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. There were no unconditional contributions receivable at December 31, 2022 or 2021.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

ANGELS FOSTER FAMILY NETWORK OKC, INC.

December 31, 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Accounts Receivable: Accounts receivable consists primarily of reimbursements to be received under the Organization's DHS contract. The Organization considers receivables to be past due when they are outstanding for more than 30 days. The Organization uses the direct write-off method to recognize bad debts. Management considers all receivables outstanding at December 31, 2022 and 2021 to be collectible. As such, no allowance for uncollectible receivables has been included in the accompanying financial statements.

Fixed Assets: Property and equipment are carried at cost at the date of acquisition or fair value at the date of donation in the case of gifts, net of accumulated depreciation. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets, which range from three to five years. The Organization reports gifts of property and equipment without donor restriction unless explicit donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor restrictions about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Normal repairs and maintenance expenditures are expensed when incurred.

Revenue and Revenue Recognition: The Organization 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.

The Organization records special events revenue as other income with event costs recorded as special events expense.

Leases: The Organization evaluates new or modified contracts at inception to determine if an arrangement is or contains a lease. The Organization records right-of-use ("ROU") assets and lease liabilities for its finance and operating leases, respectively, on the balance sheet. Leases are initially recognized on the commencement date based on the discounted future lease payments over the term of the lease. Upon initial recognition, the ROU asset includes the lease liability plus initial direct costs and prepaid lease payments, if any, less lease incentives, if any. The lease ROU assets represent the right to use an underlying asset for the lease term, and the lease liabilities represent the obligation to make lease payments arising from the lease. For leases that do not provide an implicit rate, the Organization uses the applicable incremental borrowing rate based on information available at the commencement or modification of the lease in calculating the present value of the sum of lease payments. The lease term is defined as the non-cancellable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The Organization has elected to not recognize ROU assets and lease liabilities for short-term leases, which are defined as leases with an initial term of 12 months or less.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

ANGELS FOSTER FAMILY NETWORK OKC, INC.

December 31, 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Functional Expenses: The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation, insurance, interest, and telecommunication, which are allocated on a square footage basis, as well as salaries and personnel, which are allocated on the basis of estimates of time and effort.

Tax Status: The Organization qualifies as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue code, and therefore has no provision for federal or state income taxes.

The Organization complies with the requirements of FASB Accounting Standards Codification (“ASC”) 740, Income Taxes, which prescribes a recognition threshold and measurement requirements for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In addition, ASC 740 provides guidance on recognition, classification, and accounting in interim periods and disclosure requirements for uncertain tax provisions. The Organization does not have any uncertain tax positions and therefore, has recorded no liability or benefit for such position for the years ended December 31, 2022 and 2021.

Concentration of Credit: The Organization maintains cash balances at financial institutions that from time to time may exceed the limits insured by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts and management does not believe it is exposed to any significant credit risk.

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

Recently Adopted Accounting Pronouncement: The Organization adopted ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. See Note B for application of ASU 2016-02.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

ANGELS FOSTER FAMILY NETWORK OKC, INC.

December 31, 2022

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07), to improve financial reporting by providing new presentation and disclosure requirements about nonfinancial assets for not-for-profit entities, including additional disclosure requirements for recognized contributed services. The Organization adopted ASU 2020-07 on January 1, 2022. The adoption of ASU 2020-07 did not have a significant impact on the Organization's financial statements.

Subsequent Events: Subsequent events have been evaluated through June 6, 2023, which is the date the financial statements were available to be issued.

NOTE B--OPERATING LEASE OBLIGATIONS

The organization entered a five-year (3 years non-cancellable) lease for their Norman location commencing on September 1, 2021. The lease agreement required a monthly payment of \$4,263 per month, with an increase of 2% of Base Rent each year. As of and for the year ended December 31, 2022, the lease has the remaining life of 2.75 years, operating cash flows of \$45,417 and a discounted rate of 5%. The anticipated remaining payments for the operating lease obligations as of December 31, 2022 are as follows:

2023	\$	53,667
2024		54,736
2025		32,305
	\$	140,709
Less imputed interest		4,193
	\$	<u>136,516</u>

NOTE C--CONTRIBUTED GOODS AND SERVICES

Supplies and gifts for children were donated for distribution to children in foster care with an estimated value of approximately \$16,000 in 2022 and \$49,000 in 2021. These donations have not been recognized in the Organization's financial statements.

NOTE D--CONCENTRATIONS

The Organization receives a substantial portion of its total revenue from contracts with DHS. During the years ended December 31, 2022 and 2021, approximately 64% and 69%, respectively, of revenues were received from DHS. In addition, at December 31, 2022 and 2021, approximately 100% of the Organization's outstanding accounts receivables are due from DHS.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

ANGELS FOSTER FAMILY NETWORK OKC, INC.

December 31, 2022

NOTE E--RETIREMENT PLAN

Effective April 1, 2014, the Organization adopted a 401k Plan (the "Plan") in which its employees are allowed to make contributions to the Plan up to the maximum amount allowed by Federal tax laws. The Organization makes matching contributions to the Plan equal to 100% of each participating employee's contributions up to three percent of their compensation. Participant contributions and the earnings thereon are immediately vested. Matching contributions vest at a rate of 20% per year beginning at two years of service. During the year ended December 31, 2022, the Plan received approximately \$39,000 in contributions from the employees and \$23,000 in contributions from the Organization. During the year ended December 31, 2021, the Plan received approximately \$31,000 in contributions from the employees and \$23,000 in contributions from the Organization.

NOTE F--LIQUIDITY

The Organization has approximately \$1,369,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash, investments, and accounts receivable. None of these 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 Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE G--INVESTMENTS

Investments are stated at fair market value and are summarized as follows at December 31:

	2022	
	Cost	Market
Fixed income securities	\$ 249,276	\$ 249,254
Cash equivalents	650	650
Accrued interest	1,734	1,734
	<u>\$ 251,660</u>	<u>\$ 251,638</u>

NOTE H--FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization follows the requirements of the FASB's ASC 820 with respect to financial assets and liabilities. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value under ASC 820 is defined 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. ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad categories.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

ANGELS FOSTER FAMILY NETWORK OKC, INC.

December 31, 2022

NOTE H--FAIR VALUE OF FINANCIAL INSTRUMENTS--CONTINUED

The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- 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.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Bonds and Fixed Income Securities: Fair values are provided by the Organization's investment managers and are based on independent valuations performed by a nationally recognized, third-party pricing service which uses recent trades, yield curves, and/or interest rates to determine the estimated values.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTES TO FINANCIAL STATEMENTS--CONTINUED

ANGELS FOSTER FAMILY NETWORK OKC, INC.

December 31, 2022

NOTE H--FAIR VALUE OF FINANCIAL INSTRUMENTS--CONTINUED

The following table presents the level in the fair value hierarchy for investments measured at fair value on a recurring basis at December 31:

	<u>2022</u>
Fixed income securities (Level 2)	\$ 249,254
Cash*	<u>650</u>
	<u>\$ 249,904</u>

*Cash is not required to be classified in the fair value hierarchy.



**Independent Auditors' 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***

To the Board of Directors
Angels Foster Family Network of OKC, Inc.
Edmond, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAP") 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 Angels Foster Family Network OKC, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2022, 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 June 6, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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.

Rose Rock CPAs PLLC

Edmond, Oklahoma
June 6, 2023

ANGELS FOSTER FAMILY NETWORK OKC, INC.

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended December 31, 2022

<u>State Grantor and Program Title</u>	<u>Contract Amount</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
State of Oklahoma Department of Human Services			
Angels Foster Family Network OKC, Inc. Bridge Resource Family Services			
Contract Number - 21000052 (through 06/30/23)	Indefinite <u>Quantity</u>	<u>\$ 1,209,236</u>	<u>\$ 1,209,236</u>
TOTAL STATE PROGRAMS		<u>\$ 1,209,236</u>	<u>\$ 1,209,236</u>

NOTES TO SCHEDULE OF EXPENDITURES OF STATE AWARDS

(1) **BASIS OF PRESENTATION**

The schedule of expenditures of state awards is a summary of the Organization's state award programs prepared on the accrual basis of accounting.

(2) **RECONCILIATION OF EXPENSES**

The following is a reconciliation of the expenditures reported on the Organization's schedule of expenditures of state awards to the expenses per the statement of activities for the year ended December 31, 2022:

Expenditures on schedule of expenditures of state awards	\$ 1,209,236
Expenditures of non-state funds	<u>552,625</u>
Expenses per statement of activities	<u>\$ 1,761,861</u>

See independent auditors' report.

ANGELS FOSTER FAMILY NETWORK OKC, INC.

SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM

Year ended December 31, 2022

	Foster Family Services	Administrative and General	Fundraising	Totals
SUPPORT AND OTHER REVENUES				
Grants and contributions	\$ 458,806	\$ -	\$ -	\$ 458,806
Government contracts	1,209,236	-	-	1,209,236
Foster family application fee	1,540	-	-	1,540
Realized and unrealized gain on investment	-	1,638	-	1,638
Other income	4,953	7,194	207,726	219,873
TOTAL SUPPORT AND OTHER REVENUES	1,674,535	8,832	207,726	1,891,093
EXPENSES				
Salaries and personnel	1,154,666	48,268	16,460	1,219,394
Advertising	2,458	-	614	3,072
Depreciation	28,272	3,326	1,663	33,261
Insurance	37,570	4,420	2,210	44,200
Outside services	12,542	8,362	-	20,904
Professional fees	-	9,975	-	9,975
Program expenses	40,081	-	-	40,081
Rent	52,620	-	-	52,620
Repair and maintenance	10,653	1,253	627	12,533
Screening expense	856	-	-	856
Special event expense	-	-	102,883	102,883
Stipend / subcontract	98,667	-	-	98,667
Supplies	8,242	9,158	916	18,316
Telecommunication	20,663	2,583	2,853	26,099
Travel and meetings	20,632	2,579	2,579	25,790
Miscellaneous	44,894	7,448	868	53,210
TOTAL EXPENSES	1,532,816	97,372	131,673	1,761,861
CHANGE IN NET ASSETS BY PROGRAM	\$ 141,719	\$ (88,540)	\$ 76,053	\$ 129,232

See independent auditors' report.