

RAY OF HOPE
ADVOCACY CENTER, INC.
Independent Auditor's Report
and Financial Statements
For the Years Ended
December 31, 2019 and 2018

RAY OF HOPE ADVOCACY CENTER, INC.

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ray of Hope Advocacy Center, Inc.
Bartlesville, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of *Ray of Hope Advocacy Center, Inc.* (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 *Ray of Hope Advocacy Center, Inc.* as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2.C to the financial statements, in 2019, *Ray of Hope Advocacy Center, Inc.* adopted new accounting guidance regarding revenue recognition and related disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 November 18, 2020, on our consideration of *Ray of Hope Advocacy Center, Inc.*'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *Ray of Hope Advocacy Center, Inc.*'s internal control over financial reporting and compliance.

Stotts, Archambo, Mueggenborg & Barclay, PC

Stotts, Archambo, Mueggenborg & Barclay, PC
Certified Public Accountants
Bartlesville, Oklahoma

November 18, 2020

RAY OF HOPE ADVOCACY CENTER, INC.

Statement s of Financial Position

December 31, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$ 539,162	426,894
Grants receivable	59,536	6,015
Total current assets	<u>598,698</u>	<u>432,909</u>
<u>Fixed Assets</u>		
Property and equipment	1,034,839	1,063,567
Less: accumulated depreciation	(61,243)	(70,100)
Total fixed assets	<u>973,596</u>	<u>993,467</u>
Total Assets	<u><u>1,572,294</u></u>	<u><u>1,426,376</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	14,416	6,117
Total liabilities	<u>14,416</u>	<u>6,117</u>

Net Assets

<u>Without donor restrictions</u>		
Undesignated	1,457,878	1,320,259
Board-designated capital maintenance reserve	100,000	100,000
Total net assets without donor restrictions	<u>1,557,878</u>	<u>1,420,259</u>
Total net assets	<u>1,557,878</u>	<u>1,420,259</u>
Total Liabilities and Net Assets	<u><u>\$ 1,572,294</u></u>	<u><u>1,426,376</u></u>

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

RAY OF HOPE ADVOCACY CENTER, INC.

Statement s of Activities

For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support</u>						
Victims of Crime Act (VOCA) grant	\$ -	118,681	118,681	-	69,376	69,376
Child Abuse Multidisciplinary Account (CAMA)	-	82,188	82,188	-	83,902	83,902
Office of Attorney General (OAG)	-	45,658	45,658	-	18,011	18,011
Nowata County MDT (CAMA)	-	62,333	62,333	-	10,038	10,038
Contributions	77,013	-	77,013	44,114	-	44,114
Fundraising events	90,694	-	90,694	75,625	-	75,625
Total support	<u>167,707</u>	<u>308,860</u>	<u>476,567</u>	<u>119,739</u>	<u>181,327</u>	<u>301,066</u>
<u>Revenue</u>						
Interest income	4,839	-	4,839	5,485	-	5,485
Other income	8,482	-	8,482	873	-	873
Total revenue	<u>13,321</u>	<u>-</u>	<u>13,321</u>	<u>6,358</u>	<u>-</u>	<u>6,358</u>
<u>Net assets released from restrictions</u>						
Net assets released from restrictions	308,860	(308,860)	-	877,654	(877,654)	-
Total net assets released from restrictions	<u>308,860</u>	<u>(308,860)</u>	<u>-</u>	<u>877,654</u>	<u>(877,654)</u>	<u>-</u>
Total Support and Revenue	<u>489,888</u>	<u>-</u>	<u>489,888</u>	<u>1,003,751</u>	<u>(696,327)</u>	<u>307,424</u>
<u>EXPENSES</u>						
<u>Program services</u>						
Child Abuse Multidisciplinary	89,807	-	89,807	76,283	-	76,283
Child Abuse Multidisciplinary - Nowata Co. MDT	18,182	-	18,182	16,628	-	16,628
Victims of Crime Act	105,832	-	105,832	69,376	-	69,376
Office of Attorney General	870	-	870	-	-	-
Program services-non grant funded	77,357	-	77,357	69,080	-	69,080
Total program services	<u>292,048</u>	<u>-</u>	<u>292,048</u>	<u>231,367</u>	<u>-</u>	<u>231,367</u>
<u>Supporting services</u>						
General and administrative	29,033	-	29,033	29,809	-	29,809
Fundraising	30,693	-	30,693	34,034	-	34,034
Total supporting services	<u>59,726</u>	<u>-</u>	<u>59,726</u>	<u>63,843</u>	<u>-</u>	<u>63,843</u>
<u>Nonoperating activities</u>						
Loss on disposal of property and equipment	495	-	495	117,954	-	117,954
Total Expenses	<u>352,269</u>	<u>-</u>	<u>352,269</u>	<u>413,164</u>	<u>-</u>	<u>413,164</u>
Change in net assets	137,619	-	137,619	590,587	(696,327)	(105,740)
Net assets, beginning of the year	1,420,259	-	1,420,259	829,672	696,327	1,525,999
Net assets, end of the year	<u>\$ 1,557,878</u>	<u>-</u>	<u>1,557,878</u>	<u>1,420,259</u>	<u>-</u>	<u>1,420,259</u>

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

RAY OF HOPE ADVOCACY CENTER, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2019

	PROGRAM SERVICES						SUPPORTING SERVICES		Total	
	ROH CAMA 2019	ROH CAMA 2018 Carryover	Nowata Co. CAMA 2019	Nowata Co. CAMA 2018 Carryover	Victims of Crime Act VOCA	Office of Attorney General OAG	Non-Grant Funded Program Services	Management and General		Fundraising
Accounting & auditing	\$ -	-	-	-	-	-	-	7,650	-	7,650
Contract services	-	-	-	6,750	-	-	-	-	-	6,750
Insurance	9,966	1,838	-	-	-	-	-	253	-	12,057
Meals and entertainment	-	-	-	-	-	-	-	926	10,453	11,379
Personnel	49,400	-	-	-	105,485	-	37,053	5,293	-	197,231
Postage and printing	-	1,184	-	-	-	-	-	316	-	1,500
Professional dues	-	-	-	-	-	-	-	2,915	-	2,915
Promotion	-	-	-	-	-	-	-	-	16,042	16,042
Rent	-	-	-	-	-	-	-	-	2,756	2,756
Facilities/equipment maintenance	2,374	-	-	-	-	-	-	3,642	-	6,016
Security	-	-	-	-	-	-	-	-	480	480
Supplies/equipment	8,788	-	140	-	-	444	417	534	962	11,285
Special victim services	-	-	-	-	347	-	3,075	-	-	3,422
Training	-	1,678	2,790	600	-	-	1,487	-	-	6,555
Travel	-	2,919	1,626	6,276	-	-	2,088	-	-	12,909
Utilities	11,660	-	-	-	-	426	1,100	-	-	13,186
Miscellaneous	-	-	-	-	-	-	-	3,933	-	3,933
	82,188	7,619	4,556	13,626	105,832	870	45,220	25,462	30,693	316,066
Depreciation	-	-	-	-	-	-	32,137	3,571	-	35,708
Total functional expenses	\$ 82,188	7,619	4,556	13,626	105,832	870	77,357	29,033	30,693	351,774

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

RAY OF HOPE ADVOCACY CENTER, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2018

	PROGRAM SERVICES					SUPPORTING SERVICES			Total
	ROH CAMA 2018	ROH CAMA 2017 Carryover	Nowata Co. CAMA 2018	Nowata Co. CAMA 2017 Carryover	Victims of Crime Act VOCA	Non-Grant Funded Program Services	Management and General	Fundraising	
Accounting & auditing	-	-	-	-	-	-	7,276	-	7,276
Contract services	-	-	4,500	4,500	-	-	-	-	9,000
Insurance	7,000	-	-	-	-	-	4,183	798	11,981
Loss (gain) in FMV investments	-	-	-	-	-	-	59	-	59
Meals and entertainment	-	-	-	-	-	-	634	9,158	9,792
Personnel	49,207	293	-	-	69,376	23,656	3,059	-	145,591
Postage and printing	-	300	-	-	-	-	711	-	1,011
Professional dues	-	-	-	-	-	-	3,900	-	3,900
Promotion	-	-	-	-	-	-	-	16,362	16,362
Rent	-	-	-	-	-	-	-	2,942	2,942
Facilities/equipment maintenance	-	-	-	-	-	9,765	3,255	-	13,020
Security	-	-	-	-	-	-	240	145	385
Supplies/equipment	3,709	5,593	274	308	-	10,230	3,410	4,629	28,153
Special victim services	-	-	-	-	-	-	-	-	-
Training	-	-	1,898	302	-	1,518	-	-	3,718
Travel	-	2,081	2,657	2,062	-	2,781	-	-	9,581
Utilities	8,100	-	-	-	-	663	-	-	8,763
Miscellaneous	-	-	127	-	-	-	808	-	935
	68,016	8,267	9,456	7,172	69,376	48,613	27,535	34,034	272,469
Depreciation	-	-	-	-	-	20,467	2,274	-	22,741
Total functional expenses	68,016	8,267	9,456	7,172	69,376	69,080	29,809	34,034	295,210

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

RAY OF HOPE ADVOCACY CENTER, INC.

Statement s of Cash Flows

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>Cash Flows from Operating Activities:</u>		
Change in net assets	\$ 137,619	(105,740)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on disposal of fixed assets	495	117,954
Depreciation	35,708	22,741
Decrease (increase) in operating assets:		
Accounts receivable	(53,521)	18,750
Increase (decrease) in operating liabilities:		
Accounts payable	8,299	(9,156)
Net cash provided by operating activities	<u>128,600</u>	<u>44,549</u>
<u>Cash Flows from Investing Activities:</u>		
Purchases of fixed assets	(16,332)	(650,503)
Proceeds from sale of building	-	85,000
Net cash used for investing activities	<u>(16,332)</u>	<u>(565,503)</u>
Net increase (decrease) in cash and cash equivalents	112,268	(520,954)
Cash and cash equivalents, beginning of the year	426,894	947,848
Cash and cash equivalents, end of the year	<u>\$ 539,162</u>	<u>426,894</u>

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

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to the Financial Statements

December 31, 2019 and 2018

Note 1 - Organization and Nature of Activities

Ray of Hope Advocacy Center, Inc. (the “*Organization*”), headquartered in Bartlesville, Oklahoma, is a nonprofit organization formed in 2003 that is committed to helping adult and child survivors and their families find the services they need in one place to recover from child abuse, domestic violence, sexual assault, teen dating violence, and stalking. The *Organization* works from a victim-centered, strengths-based approach to empower survivors and their families on their journey towards safety and healing. The *Organization*’s mission is to facilitate a coordinated, community response to provide hope and support to children and families impacted by abuse.

Ray of Hope Advocacy Center, Inc. has contracted with the *Nowata County Multidisciplinary Team (Nowata County MDT)* to jointly provide services to the children and families of Nowata County, Oklahoma. *Ray of Hope Advocacy Center, Inc.* has financial oversight and management for the *Nowata County MDT*.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Presentation

The financial statements of the *Organization* are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

B. Financial Statement Presentation

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the *Organization*’s management and the board of directors.

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

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to the Financial Statements

December 31, 2019 and 2018

(continued)

Note 2 - Summary of Significant Accounting Policies (continued)

C. Revenue Recognition

Effective January 1, 2019, the *Organization* adopted ASU 2014-09, *Revenue from Contracts with Customers*, using a modified retrospective approach. The new revenue recognition standard is intended to clarify the principles of recognizing revenue from contracts with customers and to improve financial reporting by creating common revenue recognition guidance for U.S. GAAP and International Financial Reporting Standards. This ASU and its subsequent related amendments have been codified as ASC Topic 606, and supersede the revenue recognition requirements in ASC Topic 605, Revenue Recognition, and most industry-specific guidance.

Entities are required to apply the following steps when recognizing revenue under ASU 2014-09: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. This ASU also requires additional disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows from customer contracts.

The *Organization's* earned revenues are derived from interest income and other service transactions and are presented as miscellaneous income in the statements of activities. Other services transactions are recognized as the performance obligation is satisfied. Earned revenues received in advance are deferred to the applicable period in which related services are performed.

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions received and Contributions Made*, which amends the accounting guidance related to (1) evaluating whether transactions should be accounted for as contributions or exchange transactions, and (2) determining whether a contribution is conditional. The *Organization* adopted the provisions of this new standard on a prospective basis during the year ended December 31, 2019.

Governmental grants awarded are conditioned on incurring qualifying expenses and are recognized when such expenses are incurred. Payments under cost-reimbursable grants received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to the Financial Statements

December 31, 2019 and 2018

(continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

The adoption of these standards did not have an impact on the *Organization*'s financial statements, as the revenue recognition policies under the new guidance are consistent with the *Organization*'s previous practices.

D. Support and Contributions

Support for the operation of the *Organization* is provided by funds and grants from State and Federal government agencies, and contributions from public and private organizations. The revenues derived from the State and Federal sources are restricted to the reimbursement of expenditures incurred to provide services of support and care for individuals and their families. If these funds are in excess of the allowable costs of operations, a liability to refund the excess could be created under the contract. No liability existed at December 31, 2019 and 2018. If these funds have not been expended by December 31, 2019 and 2018 then the support is restricted and, subsequent to year-end, released from restrictions once the restrictions have been satisfied.

Contributions without donor restrictions from individuals, corporations and foundations are recognized as revenue when received. Restricted support which is received and the restrictions satisfied in the same accounting period is recorded as unrestricted support for reporting purposes.

The *Organization* reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the purpose for which the gift was received has been accomplished, net assets without donor restrictions are reported in the statement of activities as net assets released from restrictions. No amounts have been reflected in the statements for donated services since no objective basis is generally available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of time to the *Organization*'s program services.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to the Financial Statements

December 31, 2019 and 2018

(continued)

Note 2 - Summary of Significant Accounting Policies (continued)

E. Benefits Provided to Donors at Special Events

The *Organization* conducts special fundraising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. The fair value of meals and entertainment provided at special events is measured at the actual cost to the *Organization*.

F. Cash and Cash Equivalents

Cash and cash equivalents represent amounts on deposit with a financial institution.

G. Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for cost reimbursements related to grant programs, less an allowance for uncollectible accounts. The allowance for doubtful accounts is based on historical experience, coupled with a review of the current status of existing receivables and is maintained at a level believed adequate by management to absorb estimated doubtful accounts based on current economic conditions. No allowance for doubtful accounts was considered necessary at December 31, 2019 or 2018.

H. Property and Equipment

It is the *Organization*'s policy to capitalize property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided using the straight-line method over the estimated lives of the assets are follows:

Equipment	5-10 years
Furniture	7 years
Buildings	39 years

The carrying value of property and equipment is reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2019 or 2018.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to the Financial Statements

December 31, 2019 and 2018

(continued)

Note 2 - Summary of Significant Accounting Policies (continued)

I. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Concentration of Risk

The *Organization* receives federal and state agency grant funds through various state and local agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure cedit to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

The *Organization* maintains its cash balances at a financial institution located in Bartlesville, Oklahoma. The balances are insured by the National Credit Union Administration (NCUA) up to certain limits. At December 31, 2019 and 2018 the *Organization*'s cash balances were approximately \$286,000 and \$423,000 in excess of the NCUA insured limits, respectively.

The majority of contributions are received from donors that reside in the northeastern portion of the State of Oklahoma. In the event of a decline in economic conditions in this region, annual contributions could significantly decline.

K. Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated by management among the *Organization*'s services and supporting services benefitted.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes and benefits	Time and effort
Depreciation	Square footage per function

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to the Financial Statements

December 31, 2019 and 2018

(continued)

Note 2 - Summary of Significant Accounting Policies (continued)

L. Income Taxes

The *Organization* is a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code. No portion of the entity's revenue is derived from unrelated business activities and as a result, there is no provision for income taxes.

M. Accounting for Uncertain Tax Positions

The *Organization* adopted the provisions of Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, relating to unrecognized tax benefits on July 1, 2009. This standard requires an entity to recognize a liability for tax positions when there is a 50% or greater likelihood that the position will not be sustained upon examination. The *Organization* is liable for taxes to the extent of any unrelated business income as defined by IRS regulations. The *Organization* believes that it has not engaged in any unrelated business income as defined by IRS regulations and that is more likely than not that this position would be sustained amination. As such, there were no liabilities recorded for uncertain tax positions as of December 31, 2019 or 2018.

N. Subsequent Events

The *Organization* evaluated its December 31, 2019 financial statements for subsequent events through November 18, 2020, the date the audited financial statements were available to be issued.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the *Organization's* contributions and operations. The potential financial impact and duration of this occurrence cannot be reasonably estimated at this time.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law providing certain economic aid packages for small businesses. The *Organization* qualifies as a small business under CARES and submitted an application for approval for funding under the Paycheck Protection Program (PPP). The application was approved and funds in the amount of \$17,400 were disbursed to the *Organization* in April of 2020. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses, as described in the CARES Act. The *Organization* intends to use the entire loan amount for qualifying expenses.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to the Financial Statements

December 31, 2019 and 2018

(continued)

Note 3 - Availability and Liquidity

The *Organization*'s financial assets available for general expenditure as of December 31, 2019 and 2018 are listed in the table below, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 539,162	426,894
Grants receivable	<u>59,536</u>	<u>6,015</u>
Total financial assets	<u>598,698</u>	<u>432,909</u>
Less amounts not available within one year:		
Board-designated capital maintenance reserve	<u>(100,000)</u>	<u>(100,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 498,698</u>	<u>332,909</u>

The *Organization*'s goal is generally to maintain financial assets to ensure six months of operating expenses (approximately \$250,000) and be able to maintain operations without interruption. As part of its liquidity plan, excess cash is invested in a money market account.

Note 4 - Retirement Plan

In 2017, the *Organization* established a 401(k) plan for eligible employees who have completed at least 1,000 hours of service in a one-year period, and who are at least 21 years of age. Effective March 1, 2017, the *Organization* began contributing a safe harbor match up to 3% of plan compensation plus 50% of the amount not to exceed 5% of plan compensation. The *Organization* contributed \$5,579 and \$4,566 for the years ended December 31, 2019 and 2018, respectively.

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to the Financial Statements

December 31, 2019 and 2018

(continued)

Note 5 - Property and Equipment

	<u>Assets</u>			<u>Accumulated Depreciation</u>			<u>Net Book Value</u>
	<u>Balance 12/31/2018</u>	<u>Additions (net of disposals)</u>	<u>Balance 12/31/2019</u>	<u>Balance 12/31/2018</u>	<u>Current Provisions (net of disposals)</u>	<u>Balance 12/31/2019</u>	
<u>Assets recorded at cost:</u>							
Furniture & equipment	\$ 92,376	(28,728)	63,648	51,793	(32,874)	18,919	44,729
Third street building	635,932		635,932	9,512	16,306	25,818	610,114
Total, at cost	<u>728,308</u>	<u>(28,728)</u>	<u>699,580</u>	<u>61,305</u>	<u>(16,568)</u>	<u>44,737</u>	<u>654,843</u>
<u>Donated at fair market value:</u>							
Furniture & equipment	1,734	-	1,734	1,734	-	1,734	-
Third street building	298,312	-	298,312	4,462	7,649	12,111	286,201
Land	32,500	-	32,500	-	-	-	32,500
Total, at fair market value	<u>332,546</u>	<u>-</u>	<u>332,546</u>	<u>6,196</u>	<u>7,649</u>	<u>13,845</u>	<u>318,701</u>
Ray of Hope totals	<u>1,060,854</u>	<u>(28,728)</u>	<u>1,032,126</u>	<u>67,501</u>	<u>(8,919)</u>	<u>58,582</u>	<u>973,544</u>
<u>Nowata Co. MDT Assets recorded at cost:</u>							
Equipment	2,713	-	2,713	2,599	62	2,661	52
Nowata Co. MDT total, at cost	<u>2,713</u>	<u>-</u>	<u>2,713</u>	<u>2,599</u>	<u>62</u>	<u>2,661</u>	<u>52</u>
Ray of Hope and Nowata Co. MDT totals	<u>\$ 1,063,567</u>	<u>(28,728)</u>	<u>1,034,839</u>	<u>70,100</u>	<u>(8,857)</u>	<u>61,243</u>	<u>973,596</u>

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to the Financial Statements

December 31, 2019 and 2018

(continued)

Note 5 - Property and Equipment (continued)

The Grace Epworth United Methodist Church building was donated to the *Organization* on January 13, 2016 after the approval of both the District Superintendent of the Methodist Church and the congregation of East Cross United Methodist Church, who owned the building. The fair market value of the donated building and land was \$292,500, and \$32,500, respectively. The building required extensive renovation in order to be put into service for the *Organization*. A construction contract for the renovation was finalized during 2017 and the project was completed in 2018.

Note 6 - Reconciliation of Statement of Functional Expenses with Child Abuse Multidisciplinary Account (CAMA) Budget (cash basis) and CAMA Carryover Funds

Total CAMA Award for 2019	\$	82,188
2018 CAMA Award carryover		(7,619)
Less CAMA 2018 carryover expended in 2019		7,619
Less CAMA 2019 expenses per statement of functional expenses		<u>(82,188)</u>
Total carryover funds at December 31, 2019	\$	<u><u>-</u></u>

Reconciliation of Statement of Functional Expenses with Child Abuse Multidisciplinary Account (CAMA) Budget (cash basis) and CAMA Carryover Funds - Nowata County MDT

Total CAMA Award for 2019	\$	20,159
2018 CAMA Award carryover		10,571
Less 2018 CAMA carryover expended in 2019		(10,571)
Less CAMA 2019 expenses per statement of functional expenses		<u>(4,556)</u>
Total carryover funds at December 31, 2019	\$	<u><u>15,603</u></u>

RAY OF HOPE ADVOCACY CENTER, INC.

Notes to the Financial Statements

December 31, 2019 and 2018

(continued)

Note 6 - Reconciliation of Statement of Functional Expenses with Child Abuse Multidisciplinary Account (CAMA) Budget (cash basis) and CAMA Carryover Funds
(continued)

Total CAMA *Nowata County MDT* expenses per the statement of functional expenses for fiscal year 2019 were \$15,603 less than the total CAMA Award for fiscal year 2019. This amount will be carried forward to the next fiscal year and must be used by the end of it. This amount is intended to be used by the *Nowata County MDT* for CAMA award expenses, but had not been received as of December 31, 2019, and is not included in net assets.

RAY OF HOPE ADVOCACY CENTER, INC.
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2019

Federal Awards	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
U.S. Department of Justice Office of Juvenile Justice and Delinquency Prevention Passed through State of Oklahoma District Attorneys Council, Victims Division Victims of Crime Act	16.758	2019-220	\$ <u>105,832</u>
Total federal awards			<u>105,832</u>
State Awards			
Oklahoma Department of Human Services: CAMA 2019	N/A	PA#15015091	82,188
Oklahoma Department of Human Services: CAMA 2018	N/A	PA#15015091	7,619
On behalf of Nowata County MDT Oklahoma Commission on Children and Youth: CAMA 2019	N/A	PO#1279001925	4,556
On behalf of Nowata County MDT Oklahoma Commission on Children and Youth: CAMA 2018	N/A	PO#1279001925	13,626
Oklahoma Office of Attorney General	N/A	PO#0499001833	<u>870</u>
Total state awards			<u>108,859</u>
Total federal and state awards			\$ <u><u>214,691</u></u>

**STOTTS ARCHAMBO
MUEGGENBORG & BARCLAY_{PC}**
Certified Public Accountants

JD Stotts, CPA Mark W. Archambo, CPA, CFP[®] Deborah E. Mueggenborg, CPA Tom K. Barclay, CPA, CFP[®] John Whipple, CPA

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

To the Board of Directors of *Ray of Hope Advocacy Center, Inc.*

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of *Ray of Hope Advocacy Center, Inc.* (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and December 31, 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Stotts, Archambo, Mueggenborg & Barclay, PC

Stotts, Archambo, Mueggenborg & Barclay, Inc.
Certified Public Accountants

November 18, 2020