

**SARA'S PROJECT, INC.
ARDMORE, OKLAHOMA**

**FINANCIAL STATEMENTS AND
AUDITORS' REPORT**

DECEMBER 31, 2020



**Jackson, Fox and Richardson
A Professional Corporation
Certified Public Accountants
Ardmore, Oklahoma**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Sara's Project, Inc.

We have audited the accompanying financial statements of Sara's Project, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of December 31, 2020, and the related statement of support, revenue, and expenses—modified cash basis, statement of cash flows – modified cash basis, and statement of functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Sara's Project, Inc. as of December 31, 2020, and its support, revenue, expenses and functional expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

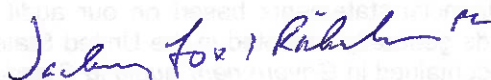
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on page 13 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 5, 2021, on our consideration of Sara's Project, 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 solely 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 the effectiveness of Sara's Project, Inc.'s 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 Sara's Project, Inc.'s internal control over financial reporting and compliance.



Ardmore, Oklahoma
November 5, 2021

Sara's Project, Inc.
Statement of Assets, Liabilities, & Net Assets - Modified Cash Basis
December 31, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 385,134
Total Current Assets	<u>385,134</u>

Long-Term Assets

Building	49,851
Improvements	142,600
Furniture and Equipment	85,494
Less accumulated depreciation	<u>(181,688)</u>
Total Long-Term Assets	<u>96,258</u>

Total Assets	<u><u>\$ 481,393</u></u>
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Liabilities and Net Assets

Current Liabilities

Payroll liabilities	\$ 6,901
PPP loan	<u>22,781</u>

Total current liabilities	29,682
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Net Assets, without donor restrictions	451,712
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Net Assets, with donor restrictions	<u>-</u>
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Total Liabilities and Net Assets	<u><u>\$ 481,393</u></u>
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The accompanying notes are an integral part of these financial statements.

Sara's Project, Inc.
Statement of Support, Revenue & Expenses - Modified Cash Basis
Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions			
Grants and contributions	\$ 370,855	\$ 32,500	\$ 403,355
Fund-raising activities	10,487		10,487
Other			
Medical income	4,500		4,500
Interest income	415		415
Miscellaneous	1,471		1,471
Net assets released from restrictions			
Restrictions satisfied by spending - Note 5	32,500	(32,500)	-
Total revenue, gains, and other support	420,228	-	420,228
Expenses			
Program expense	325,599		325,599
Supporting services			
Management and general	103,672		103,672
Fund-raising	22,276		22,276
Total expenses	451,548	-	451,548
Change in net assets	(31,320)	-	(31,320)
Beginning net assets	483,032	-	483,032
Ending net assets	\$ 451,712	\$ -	\$ 451,712

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

Sara's Project, Inc.
Statement of Cash Flows - Modified Cash Basis
For the year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (31,320)
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Adjustments to reconcile changes in
net assets to net cash provided by operations:

Depreciation and amortization	9,280
Increase in payroll taxes payable	85
Cash provided by operating activities	(21,955)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of assets	(8,561)
Cash used in investing activities	(8,561)

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in notes payable due to PPP	22,781
Cash used in financing activities	22,781

Net Changes in Cash and Cash Equivalents	(7,735)
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Beginning Cash	392,869
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Ending Cash	\$ 385,134
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The accompanying notes are an integral part of these financial statements.

Sara's Project, Inc.
Statement of Functional Expenses - Modified Cash Basis
December 31, 2020

	Program	General & Administration	Fund raising	Total expenses
Advertising	\$ -	\$ -	\$ -	\$ -
Supplies	14,693	10,662		25,355
Bank charges		428		428
Continuing education	4,675			4,675
Debriefing	579			579
Dues and subscriptions		5,929		5,929
Salaries	162,543	23,134	20,242	205,919
Payroll taxes	12,786	1,820	1,592	16,198
Travel	359	56		415
Child abuse prevention	2,214			2,214
Interviewing	477			477
Seminars	6,465			6,465
Accounting		13,208		13,208
Repairs and maintenance		5,180		5,180
Depreciation	9,280			9,280
Insurance		12,841		12,841
Medical reimbursements	2,425			2,425
Miscellaneous				-
Telephone		3,875		3,875
Postage		886		886
Utilities		15,547		15,547
Rent expense		9,600		9,600
Retirement	3,545	505	442	4,491
FSMDT expenses	105,559			105,559
	<u>\$ 325,599</u>	<u>\$ 103,672</u>	<u>\$ 22,276</u>	<u>\$ 451,548</u>

The accompanying notes are an integral part of the financial statements

Sara's Project, Inc.
Notes to Financial Statements
December 31, 2020

Note 1—Organization and Summary of Significant Accounting Policies

Nature of Organization

Sara's Project, Inc. (the Organization) was incorporated on December 10, 1991 as a not-for-profit corporation in Oklahoma. The Organization provides education, collaboration, and victims' advocacy to assist children and adults experiencing crisis resulting from trauma, abuse, or loss. Funding for the Organization is derived primarily from government contracts and public grants and contributions. Beginning in 2017, the Organization went through a rebranding process transitioning from C/SARA Foundation, Inc. to Sara's Project, Inc.

Basis of Accounting

Sara's Project, Inc.'s (the Organization) prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under the cash basis of accounting, revenues are recognized when received rather than earned and expenses when paid rather than when incurred. The Organization does record certain payables and payroll taxes payable.

Tax Exempt Status

Sara's Project, Inc. is an exempt organization for Federal Income tax purposes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private Organization" within the meaning of Section 509(a) of the Internal Revenue Code. The Organization files a Form 990 with the IRS annually. Generally, income tax returns related to the current and three prior years remain open for examination by taxing authorities.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash on deposit, savings account, money market funds and any other investments with original maturities of three months or less.

Contributions and Donations

The Organization receives contributions from the general public along with donations from various State agencies for various programs and expenditures. Current year contributions to Sara's Project, Inc. from these sources amounted to \$403,355.

Fixed Assets

The Organization capitalizes expenditures at cost as depreciable fixed assets when the costs exceed \$500, or, if donated, at the approximate fair value at the date of donation. Depreciation of physical properties is calculated on the straight-line method over the following estimated useful lives:

Furniture and fixtures, Equipment	5-10 years
Improvements	15-39 years
Buildings	30-39 years

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Sara's Project, Inc.
Notes to Financial Statements
December 31, 2020

Note 2—Compensated Absences

The Organization allows vesting of a limited amount of accrued vacation. The cost of these benefits is recognized when payments are made to employees. It is impractical to determine the amount of accrued compensated absences; therefore, no liability has been recorded.

Note 3—Functional Allocation of Expenses

The cost of providing the programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program, supporting services, and fund-raising expenses benefited.

Note 4—Property and Equipment

The costs and related accumulated depreciation of property and equipment consisted of the following:

Classification	Beginning of the year	Additions	Deletions	End of Year
Building	\$ 49,851	\$ -	\$ -	\$ 49,851
Improvements	142,600	-	\$ -	142,600
Furniture and Equipment	76,934	8,561	-	85,495
	269,385	8,561	-	277,946
Less accumulated depreciation	(172,408)	(9,280)		(181,688)
	<u>\$ 96,977</u>	<u>\$ (719)</u>	<u>\$ -</u>	<u>\$ 96,258</u>

Depreciation for equipment, buildings and improvements amounted to \$9,280 for the year ended December 31, 2020.

Note 5—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 restrictions. The governing board has not designated, from net assets without donor restrictions, net assets held by the Organization for an operating reserve.

Net assets with donor restrictions – Net assets subject to donor-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. 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.

Sara's Project, Inc.
Notes to Financial Statements
December 31, 2020

Note 5 – Net Assets (continued)

Net assets with donor restrictions available for the following purposes on December 31, 2020:

	Beginning of year	With donor restrictions contributions	Released from restriction	End of year
Crisis education salary	\$ -	\$ 20,000	\$ (20,000)	\$ -
Training programs	-	12,500	(12,500)	-
	<u>\$ -</u>	<u>\$ 32,500</u>	<u>\$ (32,500)</u>	<u>\$ -</u>

Note 6—Defined Contribution Plan

The Organization participates in a defined contribution plan that is intended to satisfy the qualification requirements of Section 403(b) of the Internal Revenue Code. At year-end, there were 4 covered employees. The Organization will double the employee's contribution up to a 3% cost. During 2020, the Organization contributed \$4,491 toward retirement costs, and \$347 were unpaid at the end of fiscal year 2020. As a defined contribution plan, the plan has no unfunded benefit obligation.

Note 7—Commitments and Contingencies

Support

The Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of State of Oklahoma, including, but not limited to, the Oklahoma Department of Children and Youth. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by that Department. Such changes may occur with little notice or adequate funding to pay for the related cost, including the additional administrative burden, to comply with the change.

Grants and contribution revenue are recognized when cash 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.

Concentrations of Credit Risk

The Organization maintains cash balances in financial institutions located in the Ardmore area. Accounts insured by the FDIC as of December 31, 2020, were \$250,000. At December 31, 2020, the Organization had \$57,852 in uninsured balances.

Sara's Project, Inc.
Notes to Financial Statements
December 31, 2020

Note 8—Subsequent Events

Management has evaluated all events subsequent to the balance sheet date of December 31, 2020, through the date of issuance of these financial statements, November 5, 2021. Subsequent to year-end, the Organization met the requirements for forgiveness of their loan under the Paycheck Protection Program (PPP) as part of relief efforts related to COVID-19 and administered by the Small Business Administration. This PPP loan will be recharacterized as grant income in 2021 per the guidelines of the Payroll Protection Program.

Note 9—Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise Sara's Project Inc.'s operating and savings accounts totaling \$385,135.

SUPPLEMENTAL INFORMATION

Sara's Project, Inc.
Schedule of Expenditures of State Awards
December 31, 2020
(Unaudited)

State Grantor		Program Award		
Program Title	Period	Amount	Receipts	Disbursements
Oklahoma Department of Human Services				
Child Abuse Prevents	01/01/20-12/31/20	\$ 97,072	\$ 97,072	\$ 97,072

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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
Sara's Project, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of American and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sara's Project, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2020, and the related statements of support, revenue and expenses – modified cash basis, cash flows – modified cash basis, and functional expenses – modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 5, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sara's Project, 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 Sara's Project, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Sara's Project, 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 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 Sara's Project, Inc.'s financial statements are

free of 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.



Ardmore, Oklahoma
November 5, 2021