

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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2021



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

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	3
Financial Statements	
Statement of Assets, Liabilities and Net Assets – Modified Cash Basis	5
Statement of Support, Revenue and Expenses – Modified Cash Basis	6
Statement of Cash Flows – Modified Cash Basis	7
Statement of Functional Expenses – Modified Cash Basis	8
Notes to Financial Statements	9
Supplemental Information	13
Schedule of Expenditures of State Awards	14
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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sara's Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sara's Project, Inc. as of December 31, 2021, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sara's Project, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Sara's Project, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government 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 Sara Project Inc.'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 Sara Project Inc.'s ability to continue as a going concern for a reasonable period of time.

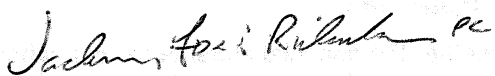
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state 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 not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2022, 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
September 23, 2022

Sara's Project, Inc.
Statement of Financial Position
December 31, 2021

Assets	
Current Assets	
Cash and cash equivalents	\$ 385,010
Total Current Assets	<u>385,010</u>
Long-Term Assets	
Building	159,851
Improvements	154,198
Furniture and Equipment	85,494
Less accumulated depreciation	<u>(191,707)</u>
Total Long-Term Assets	<u>207,837</u>
Total Assets	<u><u>\$ 592,847</u></u>
Liabilities and Net Assets	
Current Liabilities	
Payroll liabilities	<u>\$ 5,707</u>
Total current liabilities	5,707
Net Assets, without donor restrictions	587,139
Net Assets, with donor restrictions	<u>-</u>
Total Liabilities and Net Assets	<u><u>\$ 592,847</u></u>

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

Sara's Project, Inc.
Statement of Activities
Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions			
Grants and contributions	\$ 475,831	\$ 22,781	\$ 498,612
Fund-raising activities	29,021	-	29,021
Other			
Medical income	5,445	-	5,445
Interest income	156	-	156
Miscellaneous	2,759	-	2,759
Net assets released from restrictions			
Restrictions satisfied by spending - Note 5	22,781	(22,781)	-
Total revenue, gains, and other support	535,993	-	535,993
Expenses			
Program expense	278,344	-	278,344
Supporting services			
Management and general	98,448	-	98,448
Fund-raising	23,774	-	23,774
Total expenses	400,566	-	400,566
Change in net assets	135,427	-	135,427
Beginning net assets	451,712	-	451,712
Ending net assets	\$ 587,139	\$ -	\$ 587,139

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

Sara's Project, Inc.
Statement of Cash Flows
For the year ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 135,427
Adjustments to reconcile changes in net assets to net cash provided by operations:	
Depreciation and amortization	10,019
Decrease in payroll taxes payable	<u>(1,194)</u>
Cash provided by operating activities	144,252
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of assets	<u>(121,598)</u>
Cash used in investing activities	(121,598)
CASH FLOWS FROM FINANCING ACTIVITIES	
Forgiveness of PPP	<u>(22,781)</u>
Cash used in financing activities	(22,781)
Net Changes in Cash and Cash Equivalents	(127)
Beginning Cash	<u>385,137</u>
Ending Cash	<u><u>\$ 385,010</u></u>

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

Sara's Project, Inc.
Statement of Functional Expenses
December 31, 2021

	Program	General & Administration	Fund raising	Total expenses
Advertising	\$ -	\$ -	\$ 380	\$ 380
Supplies	5,643	6,021	-	11,663
Bank charges	-	939	-	939
Continuing education	1,685	-	-	1,685
Debriefing	766	-	-	766
Dues and subscriptions	-	3,243	-	3,243
Salaries	134,295	24,058	21,050	179,403
Payroll taxes	12,493	2,196	1,921	16,610
Travel	1,268	1,692	-	2,959
Child abuse prevention	4,997	-	-	4,997
Interviewing	486	-	-	486
Seminars	18,394	-	-	18,394
Accounting	-	11,518	-	11,518
Repairs and maintenance	-	8,004	-	8,004
Depreciation	10,019	-	-	10,019
Insurance	-	12,832	-	12,832
Medical reimbursements	4,250	-	-	4,250
Miscellaneous	-	-	-	-
Telephone	-	3,185	-	3,185
Postage	-	917	-	917
Utilities	-	13,761	-	13,761
Rent expense	-	9,600	-	9,600
Retirement	2,748	483	423	3,654
FSMDT expenses	81,301	-	-	81,301
	<u>\$ 278,344</u>	<u>\$ 98,448</u>	<u>\$ 23,774</u>	<u>\$ 400,566</u>

The accompanying notes are an integral part of the financial statements

**Sara's Project, Inc.
Notes to Financial Statements
December 31, 2021**

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

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

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 \$498,612. This includes rent for office building donated in-kind by board member of \$9,600.

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, 2021

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	\$ 110,000	\$ -	\$ 159,851
Improvements	142,600	11,598	-	154,198
Furniture and Equipment	85,494	-	-	85,494
	<u>277,945</u>	<u>121,598</u>	<u>-</u>	<u>399,543</u>
Less accumulated depreciation	(181,688)	(10,019)		(191,707)
	<u>\$ 96,257</u>	<u>\$ 111,579</u>	<u>\$ -</u>	<u>\$ 207,836</u>

Depreciation for equipment, buildings and improvements amounted to \$10,019 for the year ended December 31, 2021.

The office building was contributed by board member at appraised value of \$110,000.

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

Sara's Project, Inc.
Notes to Financial Statements
December 31, 2021

Note 5 – Net Assets (continued)

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.

Net assets with donor restrictions available for the following purposes on December 31, 2021:

	Beginning of year	With donor restrictions contributions	Released from restriction	End of year
Payroll Protection Program	-	22,781	(22,781)	-
\$	-	\$ 22,781	\$ (22,781)	\$ -

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 3 covered employees. The Organization will double the employee's contribution up to a 3% cost. During 2021, the Organization contributed \$3,654 toward retirement costs, and \$1,173 were unpaid at the end of the year. 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.

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, 2021, were \$250,000. At December 31, 2021, the Organization had \$63,293 in uninsured balances.

Note 8—Subsequent Events

Management has evaluated all events subsequent to the balance sheet date of December 31, 2021, through the date of issuance of these financial statements, September 23, 2022, and has determined that there are no subsequent events that require disclosure under generally accepted accounting principles.

Sara's Project, Inc.
Notes to Financial Statements
December 31, 2021

Note 9—Related Party Transactions

During the year ended December 31, 2021, a current board member contributed the building which houses the Organization's office to the Organization. This resulted in contribution income to the Organization of \$110,000 which was the appraised fair market value as of the date of contribution.

Note 10—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 \$385,010.

SUPPLEMENTAL INFORMATION

Sara's Project, Inc.
Schedule of Expenditures of State Awards
December 31, 2021
(Unaudited)

State Grantor		Program		
Program Title	Period	Award	Receipts	Disbursements
		Amount		
Oklahoma Department of Human Services				
Child Abuse Prevents	01/01/21-12/31/21	\$ 77,156	\$ 77,156	\$ 77,156

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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 financial position as of December 31, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 23, 2022.

Report on 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.

Report on 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
September 23, 2022