

OKLAHOMA FOUNDATION FOR THE DISABLED, INC.

FINANCIAL STATEMENTS

**AS OF AND FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021**

**TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

HSPG
&
ASSOCIATES

ACCOUNTING | TAX | ADVISORY

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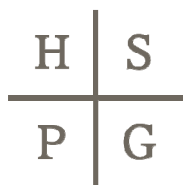
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Oklahoma Foundation for the Disabled, Inc.
Oklahoma City, Oklahoma

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Oklahoma Foundation for the Disabled, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of Oklahoma Foundation for the Disabled, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

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. 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 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 these 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.

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 judgement 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 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.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of state financial 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 supplementary 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 May 8, 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 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

HSPG & Associates, P.C.

May 8, 2023

OKLAHOMA FOUNDATION FOR THE DISABLED, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 277,997	\$ 348,718
Investments	242,254	732,740
Contributions and grants receivable	284,891	238,519
Prepaid expenses and other assets	20,029	17,144
Beneficial interest in assets held by others	129,217	154,602
Property and equipment, net	<u>707,749</u>	<u>772,887</u>
TOTAL ASSETS	<u><u>\$ 1,662,137</u></u>	<u><u>\$ 2,264,610</u></u>
LIABILITIES		
Accounts payable	\$ 33,196	\$ 6,619
Accrued compensation	35,431	68,900
Notes payable	<u>171,982</u>	<u>945,466</u>
TOTAL LIABILITIES	<u><u>240,609</u></u>	<u><u>1,020,985</u></u>
NET ASSETS		
Without donor restrictions	1,066,785	875,309
With donor restrictions	<u>354,743</u>	<u>368,316</u>
Total Net Assets	<u><u>1,421,528</u></u>	<u><u>1,243,625</u></u>
Total Liabilities and Net Assets	<u><u>\$ 1,662,137</u></u>	<u><u>\$ 2,264,610</u></u>

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

OKLAHOMA FOUNDATION FOR THE DISABLED, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022 (with summarized totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES, GAINS AND SUPPORT				
Contributions and donations	\$ 268,518	\$ 223,000	\$ 491,518	\$ 542,858
Government grant revenue	977,129	-	977,129	591,435
Paycheck Protection Program loan forgiveness	337,962	-	337,962	-
Program fee revenue	48,022	-	48,022	39,436
Special event revenue	5,192	-	5,192	1,354
Interest and dividend income	5,504	-	5,504	18,623
Realized and unrealized gains (losses) on investments	(87,621)	-	(87,621)	157,607
Change in value of beneficial interests held by others	-	(19,030)	(19,030)	31,804
Gain (loss) on sale of assets	(4,100)	-	(4,100)	-
Restrictions released	217,543	(217,543)	-	-
Total revenues, gains, and support	1,768,149	(13,573)	1,754,576	1,383,117
EXPENSES				
Program expenses	1,457,254	-	1,457,254	1,074,902
Fundraising expenses	33,838	-	33,838	39,633
Management and general	85,581	-	85,581	225,734
Total expenses	1,576,673	-	1,576,673	1,340,269
CHANGE IN NET ASSETS	191,476	(13,573)	177,903	42,848
NET ASSETS AT BEGINNING OF YEAR	875,309	368,316	1,243,625	1,200,777
NET ASSETS AT END OF YEAR	\$ 1,066,785	\$ 354,743	\$ 1,421,528	\$ 1,243,625

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

OKLAHOMA FOUNDATION FOR THE DISABLED, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND SUPPORT			
Contributions and donations	\$ 332,858	\$ 210,000	\$ 542,858
Government grant revenue	591,435	-	591,435
Program fee revenue	39,436	-	39,436
Special event revenue	1,354	-	1,354
Interest and dividend income	17,288	1,335	18,623
Realized and unrealized gains (losses) on investments	157,607	-	157,607
Change in value of beneficial interests held by others	-	31,804	31,804
Gain (loss) on sale of assets	-	-	-
Restrictions released	222,381	(222,381)	-
Total revenues, gains, and support	<u>1,362,359</u>	<u>20,758</u>	<u>1,383,117</u>
EXPENSES			
Program expenses	1,074,902	-	1,074,902
Fundraising expenses	39,633	-	39,633
Management and general	225,734	-	225,734
Total expenses	<u>1,340,269</u>	<u>-</u>	<u>1,340,269</u>
CHANGE IN NET ASSETS	22,090	20,758	42,848
NET ASSETS AT BEGINNING OF YEAR	<u>853,219</u>	<u>347,558</u>	<u>1,200,777</u>
NET ASSETS AT END OF YEAR	<u>\$ 875,309</u>	<u>\$ 368,316</u>	<u>\$ 1,243,625</u>

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

OKLAHOMA FOUNDATION FOR THE DISABLED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022 (with summarized totals for 2021)

	2022			2021	
	Program expenses	Fundraising expenses	Management and general	Total	Total
Salaries and wages	\$ 805,522	\$ 18,706	\$ 47,307	\$ 871,535	\$ 761,209
Other employee benefits	37,394	868	2,196	40,458	36,436
Payroll taxes	72,306	1,679	4,246	78,231	65,589
Other	8,699	202	511	9,412	9,649
Advertising and promotion	185	4	11	200	75
Office expenses	22,810	530	1,340	24,680	25,066
Occupancy	93,824	2,179	5,510	101,513	48,942
Travel	86,877	2,017	5,102	93,996	45,368
Conferences, conventions, and meetings	1,004	23	59	1,086	302
Interest expense	20,419	474	1,199	22,092	26,962
Depreciation	125,676	2,918	7,381	135,975	121,522
Insurance	93,977	2,182	5,519	101,678	109,139
Outside services	22,399	520	1,315	24,234	38,332
Bank charges	1,361	32	80	1,473	6,876
Program expenses	60,217	1,398	3,536	65,151	38,267
Licenses and permits	4,584	106	269	4,959	6,535
Total	<u>\$ 1,457,254</u>	<u>\$ 33,838</u>	<u>\$ 85,581</u>	<u>\$ 1,576,673</u>	<u>\$ 1,340,269</u>

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

OKLAHOMA FOUNDATION FOR THE DISABLED, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program expenses	Fundraising expenses	Management and general	Total
Salaries and wages	\$ 610,494	\$ 22,510	\$ 128,205	\$ 761,209
Other employee benefits	29,222	1,077	6,137	36,436
Payroll taxes	52,602	1,940	11,047	65,589
Other	7,739	285	1,625	9,649
Advertising and promotion	60	2	13	75
Office expenses	20,103	741	4,222	25,066
Occupancy	39,252	1,447	8,243	48,942
Travel	36,385	1,342	7,641	45,368
Conferences, conventions, and meetings	242	9	51	302
Interest expense	21,624	797	4,541	26,962
Depreciation	97,461	3,594	20,467	121,522
Insurance	87,530	3,227	18,382	109,139
Outside services	30,742	1,134	6,456	38,332
Bank charges	5,515	203	1,158	6,876
Program expenses	30,690	1,132	6,445	38,267
Licenses and permits	5,241	193	1,101	6,535
Total	<u>\$ 1,074,902</u>	<u>\$ 39,633</u>	<u>\$ 225,734</u>	<u>\$ 1,340,269</u>

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

OKLAHOMA FOUNDATION FOR THE DISABLED, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES:		
Change in net assets	\$ 177,903	\$ 42,848
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	135,975	121,522
Noncash investment returns	87,621	(141,520)
Change in value of beneficial interest in assets held by others	19,030	(33,139)
Loss on disposal of assets	4,100	-
Changes in operating assets and liabilities:		
Contributions and grants receivable	(46,372)	10,808
Prepaid expenses and other assets	(2,885)	(5,034)
Accounts payable	26,577	(2,915)
Accrued compensation	(33,469)	9,239
Net cash provided by operating activities	<u>368,480</u>	<u>1,809</u>
INVESTING ACTIVITIES:		
Proceeds from sales of investments	402,865	16,344
Purchase of property and equipment	(74,937)	(10,533)
Proceeds from beneficial interest in assets held by others	6,355	6,193
Net cash provided by investing activities	<u>334,283</u>	<u>12,004</u>
FINANCING ACTIVITIES:		
Proceeds from notes payable	-	151,148
Payments on notes payable	(773,484)	(82,141)
Net cash provided by (used in) financing activities	<u>(773,484)</u>	<u>69,007</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(70,721)	82,820
CASH AND CASH EQUIVALENTS, beginning of year	<u>348,718</u>	<u>265,898</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 277,997</u>	<u>\$ 348,718</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest	<u>\$ 22,092</u>	<u>\$ 26,962</u>

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

OKLAHOMA FOUNDATION FOR THE DISABLED, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities – Oklahoma Foundation for the Disabled, Inc. (the “Foundation” or “Organization”) is an Oklahoma not-for-profit organization whose mission is to improve the quality of life of developmentally disabled central Oklahoma adults by providing them with high quality and transformative learning programs and services that include life skills training, recreational activities and socialization opportunities in a safe, caring and compassion-focused environment.

Basis of accounting – The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities.

Estimates – The preparation of financial statements in conformity 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.

Basis of presentation – Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Financial statement presentation reports information regarding the Organization’s financial position and activities as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

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.

Revenues and other support – Revenues that have characteristics of exchange transactions, such as program fee income, are not recognized until earned. The Organization’s earned revenue include single performance obligations and are recognized at a point-in-time as services are provided. Fees received prior to services being provided are recorded as deferred revenue. Contributions are recorded as support when received or upon receipt of an unconditional promise to give, net of estimated discounts. Conditional contributions are recorded when the conditions have been substantially met or explicitly waived by the donor. The Organization’s revenue and other support primarily included the following:

Contributions and donations – Contributions and donations received are reported as with or without donor restricted support depending on the existence or nature of any donor restrictions. The Organization reports gifts of cash and other assets as restricted contributions if they are received with donor stipulations that limit the use of the donated assets. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the same period in which the contribution is received.

Government grant revenue – Various services provided by the Organization to qualifying clients such as meals served, transportation, counseling, and general daily activities qualify for grant revenues with various federal, state, and local government agencies including the Oklahoma Department of Human Services (“DHS”), Oklahoma Health Care Association (“OHCA”), and the Oklahoma State Department of Education (“OSDE”). These agencies notify the Organization of clients that they have pre-qualified to receive selected services from the Organization for whom the agencies will reimburse the Organization based on daily rates noted in the respective grant agreements. The Organization recognizes these revenues upon providing the services.

Program fee revenue – The same services noted above in government grant revenue are also available to clients who are not otherwise eligible for funding under the respective government grant. These clients pay for services received directly to the Organization which the Organization recognizes upon providing such services.

Cash and cash equivalents – Cash and cash equivalents consist of cash on hand, demand deposits with banks and other financial institutions, and highly liquid investments with original maturities of three months or less to be cash equivalents with the exception of those instruments held in investment accounts.

Investments – The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return / (loss) is reported in the statement of activities as interest and dividend income, less investment expenses, and realized and unrealized gains (losses).

Contributions and grants receivable and allowance for doubtful accounts – The Organization’s accounts receivable are uncollateralized obligations primarily from government grant revenues and from contributions and donations. The Organization estimates an allowance for doubtful accounts based on review of outstanding receivables, historical collection information and existing economic conditions. Management believes all receivables are fully collectible within one year; accordingly, no allowance for doubtful accounts or discounts have been recorded.

Beneficial interest in assets held by others – The Organization established an endowment fund that is perpetual in nature at Oklahoma City Community Foundation (“Community Foundation”) and named the Organization as beneficiary. The Organization granted the Community Foundation variance power which allows the Community Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of the Community Foundation’s board of directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the Community Foundation for the Organization’s benefit and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

Property and equipment – Property and equipment are carried at cost or, if contributed, at fair value as of the date of donation. Expenditures for major additions and improvements with a useful life of more than one year are capitalized as determined on a case-by-case basis by the Executive Director. Minor replacements, maintenance, and repairs are charged to expense as incurred. The Organization reports gifts of fixed assets as unrestricted support 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. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is computed using the straight-line method based on useful lives that range from five to forty years.

Functional allocation of expenses – Costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Costs are allocated between program, fundraising, and management and general expenses based on evaluations of the related activities. Management has allocated all expenses based on a time and efforts study of the Organization’s personnel. Non-personnel expenses are further allocated on a functional basis in portion to the aggregate personnel allocations.

Concentration of credit risk – The Organization maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. As of June 30, 2022 and 2021, the Organization’s balances with financial institutions subject to FDIC coverage did not exceeded such coverage.

As of June 30, 2022 and 2021, 78% and 88%, respectively, of the Organization’s contributions and grants receivable are from one donor.

During the year ended June 30, 2022 and 2021, 70% and 63%, respectively, of the Organization’s revenues are from four entities.

Donated services – No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise; however, many individuals contribute their time and perform a variety of tasks that assist the Organization with specific programs.

Income taxes – The Organization is a not-for-profit organization exempt from income taxes under the Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. With few exceptions, the Organization is no longer subject to income tax examination by the U.S. federal, state, or local tax authorities for years beginning before June 30, 2019.

Subsequent events – Management evaluated its June 30, 2022 financial statements for subsequent events through May 8, 2023, the date the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU No. 2016-02 “Leases (Topic 842).” The purpose of the guidance is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position as well as providing additional disclosure requirements related to leasing arrangements. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2021, though early adoption is permitted. Management is currently evaluating the impact that adopting this accounting pronouncement will have on the Organization’s financial statements in future reporting periods.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 277,997	\$ 348,718
Investments	242,254	732,740
Contributions and grants receivable	284,891	238,519
Distributions from beneficial interest in assets held by others	<u>9,210</u>	<u>13,181</u>
	<u>\$ 814,352</u>	<u>\$1,333,158</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Organization receives contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

4. FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of the Organization's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The fair value of the Organization's beneficial interest in assets held by the Community Foundation is based on the fair value of fund investments as reported by the Community Foundation. These are considered to be Level 3 measurements.

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2022:

Assets	Total	Fair Value Measurements		
		(Level 1)	(Level 2)	(Level 3)
Investments:				
Cash and money market funds (at cost)	\$ 7,291	\$ -	\$ -	\$ -
Mutual funds:				
Equity securities	137,320	137,320	-	-
Fixed income securities	97,643	97,643	-	-
	242,254	234,963	-	-
Beneficial interest in assets held by others	129,217	-	-	129,217
	<u>\$ 371,471</u>	<u>\$ 234,963</u>	<u>\$ -</u>	<u>\$ 129,217</u>

The following table presents assets and liabilities measured at fair value on a recurring basis at June 30, 2021:

Assets	Total	Fair Value Measurements		
		(Level 1)	(Level 2)	(Level 3)
Investments:				
Cash and money market funds (at cost)	\$ 6,086	\$ -	\$ -	\$ -
Mutual funds:				
Equity securities	488,925	488,925	-	-
Fixed income securities	237,729	237,729	-	-
	732,740	726,654	-	-
Beneficial interest in assets held by others	154,602	-	-	154,602
	<u>\$ 887,342</u>	<u>\$ 726,654</u>	<u>\$ -</u>	<u>\$ 154,602</u>

5. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The statements of financial position as of June 30, 2022 and 2021, include the beneficial interest in assets held by others of \$129,217 and \$154,602, respectively, (see Note 1). In addition to these funds, the Community Foundation maintains other funds that have been contributed by various donors to the Community Foundation for the benefit of the Organization. These funds are not included as assets of the Organization. The earnings from these funds are paid to the Organization each year. For the years ended June 30, 2022 and 2021, the Organization received approximately \$6,800 and \$6,600, respectively, from the third-party donor funds held by the Community Foundation. At June 30, 2022 and 2021, the fair value of the third-party donor funds held by the Community Foundation was approximately \$182,000 and \$166,000, respectively. The Organization has no remainder interest in the corpus of the funds.

6. ENDOWMENT DISCLOSURES

The Organization's endowment consists of the beneficial interest in assets held by the Community Foundation totaling \$129,217 and \$154,602 as of June 30, 2022, and 2021, respectively, as discussed in Note 5. That endowment was created through donor restricted contributions that were subsequently transferred to the Community Foundation. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law – The Organization follows the Accounting Standards Codification's guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit entity that is subject to an enacted version of the Oklahoma Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The Board of Directors of the Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence in UPMIFA. In accordance with UPMIFA, the following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds held for the benefit of the Organization.

1. The duration and preservation of the fund,
2. The purposes of the Organization and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and the appreciation of investments,
6. Other resources of the Organization, and
7. The investment policies of the Organization.

Endowment net asset composition by type of fund as of June 30, 2022, is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 89,870	\$ 89,870
Accumulated investment gains	-	39,347	39,347
	<u>\$ -</u>	<u>\$ 129,217</u>	<u>\$ 129,217</u>

Changes in endowment net assets for the year ended June 30, 2022, are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 154,602	\$ 154,602
Investment return, net	-	(19,030)	(19,030)
Contributions	-	-	-
Appropriation of endowment assets pursuant to spending-rate policy	-	(6,355)	(6,355)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 129,217</u>	<u>\$ 129,217</u>

Endowment net asset composition by type of fund as of June 30, 2021, is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 89,870	\$ 89,870
Accumulated investment gains	-	64,732	64,732
	<u>\$ -</u>	<u>\$ 154,602</u>	<u>\$ 154,602</u>

Changes in endowment net assets for the year ended June 30, 2021, are as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 127,656	\$ 127,656
Investment return, net	-	33,139	33,139
Contributions	-	-	-
Appropriation of endowment assets pursuant to spending-rate policy	-	(6,193)	(6,193)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 154,602</u>	<u>\$ 154,602</u>

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. The Organization interprets UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2022 and 2021, there were no underwater endowments.

Return objectives and risk parameters – The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested with the Community Foundation, whose investment policies emphasize preservation of capital, protection against inflation, and a continuing source of income.

Spending policy and how the investment objectives relate to spending policy – The Community Foundation’s distribution policy is five percent of the average market value of the endowment fund, which is calculated on a rolling quarter average of the previous 12 quarters. Distributions received from the endowment are to be available for use in the Organization’s operations as appropriated by the board of directors.

7. FIXED ASSETS

Fixed assets as of June 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 49,392	\$ 50,500
Buildings and improvements	1,806,108	1,734,244
Furniture and equipment	91,748	109,312
Transportation equipment	<u>243,183</u>	<u>271,589</u>
	2,190,431	2,165,645
Accumulated depreciation	<u>(1,482,682)</u>	<u>(1,392,758)</u>
	<u>\$ 707,749</u>	<u>\$ 772,887</u>

The Organization received a grant from the Oklahoma Department of Human Services (“OKDHS”) to purchase a van. Under terms of the grant, OKDHS maintains a lien on the van until it is disposed which must be approved by OKDHS. The net book value of the van at June 30, 2022 and 2021 is approximately \$23,000 and \$39,000, respectively.

8. NOTES PAYABLE

Notes payable consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Note payable, monthly payments of principal and interest amortizable over 240 months with outstanding principal and interest due September 15, 2024. Variable interest rate is based on the weekly average yield on U.S. treasury securities adjusted to a constant maturity of five years plus a margin of 2.75 percentage points with a floor of 4.25%. Note was paid in full during the current year.	\$ -	\$ 386,379
5.00% note payable, monthly payments of principal and interest of \$1,206 with remaining unpaid principal and interest due September 15, 2024. Note was paid in full during the current year.	-	47,325
Note payable from a financial institution, monthly payments of principal and interest of \$558 for 60 months with maturity in August 2024 and an annual interest rate of 4.20%. Secured by the vehicle purchased with this note.	13,833	19,800
Two Paycheck Protection Program ("PPP") unsecured forgivable loans from the Small Business Administration bearing interest at 1%. Full forgiveness of principal and interest can be achieved by incurring qualifying expenses during the defined Covered Period as well as meeting other criteria related to employee retention. (1)	-	337,962
Economic Injury Disaster Loan from the Small Business Administration bearing interest at 2.75%. Repayments begin in November 2022 with 323 monthly payments of principal and interest of \$641 followed by a final payment due June 2050, for all unpaid principal and interest. Secured by the Organization's assets. Due to the thirty month deferral of payments, balance includes unpaid interest of approximately \$8,100 and \$4,000 at June 30, 2022 and 2021, respectively.	158,149	154,000
	<u>\$ 171,982</u>	<u>\$ 945,466</u>

- (1) The initial PPP loan of \$190,814 was forgiven by the SBA prior to June 30, 2022. The second loan of \$147,151 was forgiven subsequent to June 30, 2022 and management has elected to fully recognize forgiveness of both loans in the current period.

Future maturities of notes payable are as follows:

<u>Years Ending June 30,</u>	
2023	\$ 6,227
2024	7,990
2025	4,762
2026	3,754
2027	3,859
Thereafter	145,390
	<u>\$ 171,982</u>

9. NET ASSETS WITH RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Donor software	\$ 2,526	\$ 3,714
Subject to the passage of time:		
Contributions to fund a subsequent period	223,000	210,000
Perpetual in nature:		
Beneficial interest in assets held by others	<u>129,217</u>	<u>154,602</u>
	<u>\$ 354,743</u>	<u>\$ 368,316</u>

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SUPPLEMENTARY INFORMATION

OKLAHOMA FOUNDATION FOR THE DISABLED, INC.
SUPPLEMENTARY SCHEDULE OF STATE FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

State Grantor / Program Title	Contract Number	Award Period	Revenues Recognized	Current - Year Expenditures
<u>Oklahoma State Department of Human Services</u>				
Aging Services Division - Adult Day Services	PA #22000109	7/1/2021 to 6/30/2022	\$ 275,929	\$ 180,315
Developmental Disabilities Services Division - Waiver		10/01/2020 to 10/31/2024	607,617	363,799
Medicaid Services Unit - Advantage Program Waiver		11/16/2018 to 11/30/2022	13,968	6,070
Transportation			13,220	8,885
<u>Oklahoma State Department of Education</u>				
Child and Adult Food Care Program		10/01/2021 to 9/30/2022	<u>66,395</u>	<u>32,366</u>
Total state financial awards			<u>\$ 977,129</u>	<u>\$ 591,435</u>

See independent auditor's report on supplementary information.

REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS



**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
Oklahoma Foundation for the Disabled, Inc.
Oklahoma City, Oklahoma

We have audited, in accordance with the 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 Oklahoma Foundation for the Disabled, Inc., (the “Organization”) (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 (“financial statements”), and have issued our report thereon dated May 8, 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 the 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 have not been 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 financial statements. However, providing an opinion on compliance with those provisions

HSPG & ASSOCIATES, PC

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.

HSPG & Associates, P.C.

May 8, 2023