

Community Action Project of Tulsa County, Inc.

Tulsa, Oklahoma

Consolidated Financial Statements
and Supplementary Information

Years Ended December 31, 2022 and 2021



Community Action Project of Tulsa County, Inc.

Consolidated Financial Statements and Supplementary Information Years Ended December 31, 2022 and 2021

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Independent Auditor's Report

Board of Directors
Community Action Project of Tulsa County, Inc.
Tulsa, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Community Action Project of Tulsa County, Inc. (a nonprofit organization) and its wholly owned subsidiaries which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Community Action Project of Tulsa County, Inc. and its wholly owned subsidiaries as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 Community Action Project of Tulsa County, Inc. 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 opinions.

The financial statements of Tulsa Community Loan Fund, Inc., Norwood Realty Corporation, Brightwaters Realty Corporation, Norwood Housing Partners, LP, and Brightwaters Housing Partners, LP were not audited in accordance with *Government Auditing Standards* as they did not receive federal funding.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 Community Action Project of Tulsa County, 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 Community Action Project of Tulsa County, 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 Community Action Project of Tulsa County, 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 planning scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal and other awards, Schedules A-1 to A-2, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Schedule B are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2023, on our consideration of Community Action Project of Tulsa County, 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 Community Action Project of Tulsa County, 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 Community Action Project of Tulsa County, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

June 20, 2023
Madison, Wisconsin

Community Action Project of Tulsa County, Inc.

Consolidated Statements of Financial Position

December 31, 2022 and 2021

<i>Assets</i>	2022	2021
Current assets:		
Cash and cash equivalents	\$ 8,951,390	5,140,706
Certificates of deposit	1,917,378	1,610,000
Restricted cash	0	16,020
Accounts receivable	7,280,197	8,701,617
Promise to give, current portion	111,000	111,000
Notes receivable from Tulsa Childrens' Coalition current portion, net	477,957	477,182
Prepaid expenses	705,256	967,966
Property and equipment, held for sale	0	523,451
Total current assets	19,443,178	17,547,942
Other assets:		
Certificates of deposit	2,792,000	3,662,000
Investments	27,155,253	31,870,043
Escrow funds	7,637,560	10,068,114
Other assets	69,542	69,542
Promise to give	0	111,000
Notes receivable from Tulsa Childrens' Coalition, net	3,343,818	3,679,980
Total other assets	40,998,173	49,460,679
Right-of-use lease assets - Operating	5,588,950	0
Property and equipment, net	8,220,672	8,500,801
TOTAL ASSETS	\$ 74,250,973	\$ 75,509,422

Community Action Project of Tulsa County, Inc.

Consolidated Statements of Financial Position (Continued)

December 31, 2022 and 2021

	<i>Liabilities and Net Assets</i>	2022	2021
Current liabilities:			
Notes payable, current portion	\$	477,957	477,182
Accounts payable		4,306,597	3,596,679
Accrued payroll and related liabilities		2,468,846	2,352,506
Income taxes payable		76,000	0
Deferred revenue - refundable advance liability		768,150	1,105,023
Due to funding source		0	1,070,052
Operating lease obligations, current portion		1,030,346	0
Total current liabilities		9,127,896	8,601,442
Long-term liabilities:			
Notes payable, net		3,383,612	3,679,980
Operating lease obligation, net		4,558,604	0
Security deposits		0	4,698
Total long-term liabilities		7,942,216	3,684,678
Total liabilities		17,070,112	12,286,120
Net assets:			
Without donor restrictions:			
Undesignated		24,357,704	29,663,827
Board designated		23,799,812	23,472,372
Total without donor restrictions		48,157,516	53,136,199
With donor restrictions		9,023,345	10,087,103
Total net assets		57,180,861	63,223,302
TOTAL LIABILITIES AND NET ASSETS	\$	74,250,973	\$ 75,509,422

Community Action Project of Tulsa County, Inc.

Consolidated Statements of Activities Years Ended December 31, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 62,830,621	\$ 220,194	\$ 63,050,815
Investment loss - net	(4,993,535)	(35,892)	(5,029,427)
Contract revenue	1,118,147	0	1,118,147
Donations	139,263	0	139,263
Rental income	53,193	0	53,193
Other income	30,452	0	30,452
Gain on sale of property and equipment held for sale	452,123	0	452,123
In-kind contributions	134,995	0	134,995
Net assets released from restriction	1,248,060	(1,248,060)	0
Total revenue	61,013,319	(1,063,758)	59,949,561
Expenses:			
Program activities:			
Early childhood education programs	54,363,889	0	54,363,889
Family advancement	1,488,407	0	1,488,407
Community development/housing	859,557	0	859,557
Total program activities	56,711,853	0	56,711,853
Supportive services:			
Management and general	9,280,149	0	9,280,149
Total expenses	65,992,002	0	65,992,002
Changes in net assets	(4,978,683)	(1,063,758)	(6,042,441)
Net assets at beginning of year	53,136,199	10,087,103	63,223,302
Net assets at end of year	48,157,516	9,023,345	57,180,861

Community Action Project of Tulsa County, Inc.

Consolidated Statements of Activities (Continued)

Years Ended December 31, 2022 and 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 59,056,370	\$ 115,288	\$ 59,171,658
Investment income - net	1,636,618	15,601	1,652,219
Contract revenue	517,015	0	517,015
Donations	8,949	0	8,949
Rental income	197,468	0	197,468
Other income	28,950	0	28,950
Gain on sale of property and equipment	23,972	0	23,972
In-kind contributions	87,420	0	87,420
Net assets released from restriction	3,193,356	(3,193,356)	0
Total revenue	64,750,118	(3,062,467)	61,687,651
Expenses:			
Program activities:			
Early childhood education programs	50,797,332	0	50,797,332
Family advancement	2,706,630	0	2,706,630
Community development/housing	924,855	0	924,855
Total program activities	54,428,817	0	54,428,817
Supportive services:			
Management and general	8,148,019	0	8,148,019
Total expenses	62,576,836	0	62,576,836
Changes in net assets	2,173,282	(3,062,467)	(889,185)
Net assets at beginning of year	50,962,917	13,149,570	64,112,487
Net assets at end of year	\$ 53,136,199	\$ 10,087,103	\$ 63,223,302

Community Action Project of Tulsa County, Inc.

Consolidated Statement of Functional Expenses

Year Ended December 31, 2022

	Early Childhood Education	Family Advancement	Community Development/ Housing	Total Program Services	Management and General	Total Expenses
Salaries and benefits	\$ 31,869,653	\$ 927,216	\$ 14,219	\$ 32,811,088	\$ 6,613,337	\$ 39,424,425
Occupancy	2,669,355	30,644	8,659	2,708,658	215,317	2,923,975
Services provided	209,400	274,433	0	483,833	26,262	510,095
Telephone	161,506	8,133	786	170,425	70,438	240,863
Postage	1,565	709	0	2,274	2,357	4,631
Supplies	2,507,114	96,788	56	2,603,958	806,948	3,410,906
Small equipment and software licenses	74,740	0	360	75,100	41,578	116,678
Advertising	99,901	0	164	100,065	58,489	158,554
Professional/consulting	137,040	0	5,823	142,863	334,656	477,519
Contracted services	15,723,608	134,304	702,157	16,560,069	62,260	16,622,329
Repairs and maintenance	265,434	883	8,699	275,016	11,004	286,020
Insurance	155,295	1,367	9,508	166,170	36,398	202,568
Transportation and travel	123,113	3,813	496	127,422	34,753	162,175
Development and training	294,854	10,117	138	305,109	138,656	443,765
In-kind expenses	68,945	0	0	68,945	66,050	134,995
Depreciation	0	0	0	0	603,527	603,527
Other	2,366	0	108,492	110,858	158,119	268,977
Total expenses	\$ 54,363,889	\$ 1,488,407	\$ 859,557	\$ 56,711,853	\$ 9,280,149	\$ 65,992,002

See accompanying notes to consolidated financial statements.

Community Action Project of Tulsa County, Inc.

Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

	Early Childhood Education	Family Advancement	Community Development/ Housing	Total Program Services	Management and General	Total Expenses
Salaries and benefits	\$ 28,840,045	\$ 999,652	\$ 40,157	\$ 29,879,854	\$ 5,524,638	\$ 35,404,492
Occupancy	2,454,936	24,025	36,923	2,515,884	186,639	2,702,523
Services provided	509,395	135,675	0	645,070	83,659	728,729
Telephone	98,002	5,662	1,030	104,694	49,877	154,571
Postage	3,541	3	63	3,607	5,341	8,948
Supplies	2,382,661	69,238	3,475	2,455,374	752,348	3,207,722
Small equipment	46,788	950	0	47,738	5,717	53,455
Advertising	82,555	0	990	83,545	33,036	116,581
Professional/consulting	171,774	1,244	41,780	214,798	237,602	452,400
Contracted services	15,445,225	1,455,780	135,000	17,036,005	252,870	17,288,875
Repairs and maintenance	302,897	25	34,356	337,278	77,905	415,183
Insurance	146,525	995	50,917	198,437	33,872	232,309
Transportation and travel	27,920	1,039	2,216	31,175	13,074	44,249
Development and training	233,074	12,342	807	246,223	94,324	340,547
In-kind expenses	51,994	0	0	51,994	35,426	87,420
Depreciation	0	0	194,512	194,512	635,679	830,191
Other	0	0	382,629	382,629	126,012	508,641
Total expenses	\$ 50,797,332	\$ 2,706,630	\$ 924,855	\$ 54,428,817	\$ 8,148,019	\$ 62,576,836

See accompanying notes to consolidated financial statements.

Community Action Project of Tulsa County, Inc.

Consolidated Statements of Cash Flows Years Ended December 31, 2022 and 2021

	2022	2021
Change in cash, cash equivalents and restricted cash:		
Cash flows from operating activities:		
Changes in net assets	\$ (6,042,441)	\$ (889,185)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	603,527	830,191
Gain on sale of assets held for sale and on sale of property and equipment	(452,123)	(23,342)
Net realized and unrealized loss (gains) on investments and escrow funds	5,619,031	(826,897)
Interest accrued on certificates of deposit and notes receivable	83,570	116,506
Changes in operating assets and liabilities:		
Accounts receivable	1,313,798	(65,429)
Promise to give	111,000	111,000
Prepaid expenses	261,336	(198,532)
Other assets	0	(69,542)
Accounts payable	571,774	438,717
Accrued payroll and related liabilities	116,340	201,361
Income taxes payable	76,000	(414,000)
Security deposits	(4,698)	(701)
Deferred revenue - refundable advance liability	(336,873)	(253,044)
Net cash from operating activities	1,920,241	(1,042,897)
Cash flows from investing activities:		
Cash transferred to purchaser of property and equipment, held for sale	(197,520)	0
Proceeds from sale of property and equipment held for sale and property and equipment	128,468	27,000
Withdrawals and proceeds from sale of investments in escrow funds	2,178,312	2,899,693
Purchase of investments in escrow funds	(28,677)	(49,001)
Purchase of certificates of deposit	0	(1,895,000)
Redemption of certificates of deposit	470,000	2,000,000
Purchase of property and equipment	(185,254)	(189,863)
Collections on notes receivable, related parties	477,182	303,409
Proceeds from sale of investments	11,345	150,000
Purchase of investments	(542,045)	(5,808,702)
Net cash from investing activities	2,311,811	(2,562,464)
Cash flows from financing activities:		
Payments on notes payable	(437,388)	(303,409)
Net cash from financing activities	(437,388)	(303,409)
Changes in cash, cash equivalents and restricted cash	3,794,664	(3,908,770)
Cash, cash equivalents and restricted cash at beginning of year	5,156,726	9,065,496
Cash, cash equivalents and restricted cash at end of year	\$ 8,951,390	\$ 5,156,726
Reconciliation of cash, cash equivalents and restricted cash at December 31, 2022 and 2021:		
Cash and cash equivalents	\$ 8,951,390	\$ 5,140,706
Restricted cash	0	16,020
Total cash, cash equivalents and restricted cash	\$ 8,951,390	\$ 5,156,726
Supplemental schedule of operating activity:		
Interest paid and expensed	10,352	10,997
Supplemental schedule of noncash investing and financing activities:		
Decrease in discount on notes receivable from Tulsa Childrens' Coalition	(141,795)	(150,766)
Capital expenditures included in accounts payable	(138,144)	0
Transfer of due to funding source liability to purchaser of property held for sale	1,070,052	0

See accompanying notes to consolidated financial statements.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Community Action Project of Tulsa County, Inc. (CAP Tulsa) is a 501(c)(3) entity organized as a nonprofit corporation in 1973. CAP Tulsa's mission is to help individuals and families in need achieve self-sufficiency. These activities are performed through a variety of programs in Tulsa County and through program providers in surrounding counties. CAP Tulsa is primarily supported through federal, state, and local grants, as well as private donations.

Tulsa Community Loan Fund, Inc. (TCLF) is a 501(c)(3) entity formed to lend needed funds to other nonprofits serving low-income individuals.

Norwood Realty Corporation (NRC) and Brightwaters Realty Corporation (BRC) are wholly owned subsidiaries of CAP Tulsa formed to act as general partners in limited partnerships.

Norwood Housing Partners, LP (NHP) is a limited partnership of which CAP Tulsa owns 99.9% and NRC owns the remaining .1%. NHP was formed to own and operate a low-income housing project. On March 31, 2022, NHP sold the housing project property and equipment to an unrelated third party.

Brightwaters Housing Partners, LP (BHP) is a limited partnership of which BRC owns 100%. BHP was formed to own and operate a low-income housing project. During 2020, BHP sold the housing project property and equipment to an unrelated third party.

Basis of Presentation

The consolidated financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Principles of Consolidation

The December 31, 2022 and 2021, consolidated financial statements include the accounts of CAP Tulsa, NRC, BRC, TCLF, NHP, and BHP. All material intercompany transactions and balances have been eliminated for consolidated financial statement purposes. Collectively, the entities are referred to as the "Organizations".

Classification of Net Assets

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

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution. The Board of Directors has designated certain net assets without donor restrictions for an operating reserve to provide support in the case of a loss in short-term funding, or for other liquidity needs. The Board of Directors has designated amounts to be held in perpetuity in a Board designated endowment. See further discussion in Note 21.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Net Assets (Continued)

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organizations and/or the passage of time as well as net assets subject to donor-imposed stipulations that they be maintained permanently by the Organizations. Generally, the donors of these assets permit the Organizations to use all or part of the income earned on any related investments for general or specific purposes. Tulsa Community Foundation (TCF) funds are such net assets with donor restrictions. The initial funds must be maintained in perpetuity or until released from restriction by the donor. The net appreciation/depreciation related to the TCF funds are net assets with donor restrictions in accordance with the Uniform Prudent Management of Institutional Funds Act. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from donor restrictions.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents consist of money market investments, repurchase agreements, and commercial paper with original maturities of 90 days or less.

Certificates of Deposit

Certificates of deposit are stated at cost, which approximates fair value.

Revenue Recognition

Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred, or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions and promises to give are recognized when the barriers to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contributions (Continued)

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor, are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Grants

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received, if any, in excess of expenses or asset acquisitions are reflected as a refundable advance liability.

B. Grant Awards That Are Exchange Transactions

Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

Rental Income

Rental income represents income received from tenants' leases. This income is recognized in the period in which it is earned. On March 31, 2022, NHP sold the Organization's last housing project property to an unrelated third party and ceased to generate rental income.

Contract Revenue

Childcare Fees – CAP Tulsa recognized revenues from childcare fees of \$1,010,147 in 2022 and \$409,015 in 2021. CAP Tulsa offers extended care before and after school to families participating in its Head Start program. Contract terms are established using a sign-up form in which the family will indicate the days and times (before or after school) when care is needed. Pricing is included in the extended care form and is established for infants, toddlers, and preschool children based on a.m. care, p.m. care, or both. Families are responsible for paying for blocks of care in daily, weekly, or monthly increments, but can cancel care with one day's notice. If a family is eligible for Title XX Childcare Subsidy through the State of Oklahoma, the family is responsible for applying for and maintaining eligibility. Payments from Title XX Childcare Subsidy are considered third-party reimbursements on behalf of the family receiving care and are treated as exchange revenues similar to parent fees paid. Payments are to be made weekly by the parents, and monthly by Title XX Childcare Subsidy. No payments discounts or financing options are provided.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Contract Revenue (Continued)

CAP Tulsa considers the performance obligation to be providing childcare services and the performance obligation is satisfied when days of service are provided. Revenue is recognized over time as the family is simultaneously receiving and consuming the benefits of the service. CAP Tulsa feels the output method is the most faithful depiction of the transfer of goods or services as day of service as a result achieved represents a satisfaction of a performance obligation, and neither parents, nor CAP Tulsa is obligated beyond that day given the cancellation notice of one day.

Management Services – CAP Tulsa has a contract with TCC to perform management services, including accounting, treasury operations, financial reporting, tax preparation and filing, and supervision of the capital, maintenance, and repair projects at its facilities. CAP Tulsa is paid on a monthly basis and recognized revenues from TCC management services of \$108,000 in 2022 and 2021. CAP Tulsa considers the performance obligation to be providing these management services and the performance obligation is satisfied as the services are provided. Revenue is recognized over time as TCC is simultaneously receiving and consuming the benefits of the service. CAP Tulsa feels the input method is the most faithful depiction of the transfer of the services to TCC, using time elapsed.

There were no receivables from contracts with customers for childcare or management services at December 31, 2022 or 2021, and there were no contract assets or contract liabilities at December 31, 2022 or 2021.

In-Kind Contributions

CAP Tulsa recognizes in-kind contributions for professional services in the consolidated statements of activities in accordance with a financial accounting standard related to accounting for contributions received and contributions made. CAP Tulsa recognized in-kind contributions of \$134,995 and \$87,420 during 2022 and 2021. This standard requires that only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of this standard are different than the in-kind requirements of several of CAP Tulsa's grant awards. CAP Tulsa has received contributions of nonprofessional volunteers in the amount of \$46,571 and \$24,150 during 2022 and 2021, predominantly in the Head Start programs, which are not recorded on the consolidated statements of activities.

All of the in-kind contributions recognized in the financial statements in both 2022 and 2021 were in the form of contributed professional services. The contributed professional services comprise professional services from attorneys that advise the Organization on various legal matters, from architects who advise on construction and renovation projects, and professional tradesmen who donate time to help complete repairs and maintenance projects. These contributed services are valued and reported at the estimated fair value in the financial statements based on current rates for similar professional services. These nonfinancial contributions did not have any restrictions from the donor.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Investments and Escrow Funds

Investments and escrow funds are recorded at fair value as determined in an active market. Realized and unrealized gains and losses are recognized in investment income in the consolidated statements of activities. Investments held by TCF represent funds transferred to a recipient organization for which CAP Tulsa is the sole beneficiary. Investment fees are netted with return on the consolidated statements of activities, including direct internal investment expenses, if any. Investment advisory fees paid or payable to the portfolio managers are included in professional and consulting expenses in the consolidated statements of activities.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist primarily of federal, state, and other grant awards. The Organizations analyze the receivables and record an allowance that management believes will reserve for possible losses on existing receivables that may become uncollectible. The evaluations take into consideration such factors as changes in creditworthiness, evaluations of the collectability, prior loss experience, and current economic conditions. An account is considered uncollectible when all collection efforts are exhausted, and it is written off through a change to the allowance. The Organizations consider accounts receivable existing as of December 31, 2022, and 2021, to be fully collectible. Accordingly, no allowance for doubtful accounts has been established at either date.

Promise to Give

Promise to give represent unconditional promises to give funds to CAP Tulsa and are recorded as receivables in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions.

Promises to give expected to be collected in less than one year are reported at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge. Management individually reviews all past due promises to give balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of promises to give are reduced by allowances that reflect management's estimate of uncollectible amounts. Management has determined that no allowance was necessary for 2022 or 2021.

Notes Receivable from Tulsa Children's Coalition (TCC) and Allowance for Doubtful Accounts

Notes receivable represent amounts due from TCC as of December 31, 2022 and 2021, and are stated at the unpaid principal balance less a discount from imputing interest using an interest rate of 3.25% since stated interest rates were below market rates when the notes were executed. For financial reporting purposes, CAP Tulsa considers these notes receivable to be from "related parties" even though TCC is a separate and independent charitable organization. See notes 11 and 23 for more information.

CAP Tulsa analyzes the notes and interest receivable and records an allowance for those amounts which management believes will reserve for possible losses on existing notes and interest receivable that may become uncollectible. The evaluations take into consideration such factors as changes in the customer's creditworthiness, evaluations of the collectability, prior loss experience, and current economic conditions.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Notes Receivable from TCC and Allowance for Doubtful Accounts (Continued)

A loan is considered impaired when, based on current information and events, it is probable that the Organizations will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due.

At such time when a loan is determined to be past due, the interest-bearing loans are placed on nonaccrual status. The determination of past due loans for purposes of placing on nonaccrual status is made on a case-by-case basis. Interest accrued but not collected for loans that are placed on nonaccrual status is reversed against interest income.

None of the notes receivable are considered impaired or doubtful of collection as of either December 31, 2022 and 2021, and accordingly, there is no allowance for uncollectible notes receivable.

Property and Equipment

Property and equipment purchased are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. Property and equipment are items with a cost of \$5,000 or more and have a useful life of more than one year. Leasehold improvements are recorded at cost and amortized using the straight-line method over the shorter of the useful life or presumptive lease term.

Property and equipment improvements acquired with grant funds are owned by CAP Tulsa while used in the programs for which they were purchased or in other future authorized programs. However, the funding source has a reversionary interest in assets purchased with grant funds. Their disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of grant-funded property and equipment is \$272,822 and \$311,192 at December 31, 2022 and 2021.

The Organizations report gifts of property and equipment at their estimated fair value as support without donor restrictions unless explicit donor stipulations 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 and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Property and Equipment Held for Sale

Property and equipment held for sale as of December 31, 2021, consists of NHP property and equipment reported at the lower of cost or estimated net realizable value. The NHP property and equipment were sold in 2022 and there is no property and equipment held for sale as of December 31, 2022.

Income Taxes/Uncertain Tax Positions

CAP Tulsa and TCLF are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Oklahoma tax law. The regulations provide tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes/Uncertain Tax Positions (Continued)

NRC and BRC are taxable corporations. Income or loss is reported on their income tax returns. BRC accrued approximately \$414,000 of estimated state and federal income taxes related to the sale of BHP property and equipment in 2020 and estimated taxes were remitted to the taxing authorities in 2021. There were no taxes due or paid for the year ended December 31, 2021. NRC recognized a gain on the sale of the NHP housing property and equipment in 2022 and has accrued approximately \$76,000 of combined federal and state income taxes payable as of December 31, 2022. Deferred taxes have not been provided for as they are not material to the consolidated financial statements.

NHP and BHP are limited partnerships. Any income or loss is passed through to the equity partners and reported on their income tax returns.

The Organizations are required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. The Organizations determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Indirect Cost Rate

Joint costs are allocated to benefiting programs using an indirect cost rate. Joint costs are those costs incurred for the common benefit of all of CAP Tulsa's programs that cannot be readily identified with a final cost objective. A provisional indirect cost rate of 31.0% of direct salaries and wages has been approved by the U.S. Department of Health and Human Services (DHHS) and applied in 2022 and 2021. A provisional indirect cost rate is based upon the projected costs of CAP Tulsa for the fiscal year under consideration. CAP Tulsa adjusts the provisional rate based upon actual experience. This adjusted rate is subject to approval at which time the indirect cost rate becomes final. Any adjustments to the rate will be reflected in the consolidated financial statements when the rate is finalized.

Functional Allocation of Costs

A description of each functional classification category appearing on the consolidated statements of functional expenses is listed below.

Early Childhood Education: CAP Tulsa early childhood education programs help very young children (ages four and under) living in low-income families develop memory and language, self-control and judgment, social engagement, emotional intelligence, reasoning and problem-solving abilities, along with math and reading skills.

The programs include center-based and home-based services for qualifying families. CAP Tulsa offers extended care services at several early childhood school locations. The Research and Innovation Team is embedded within early childhood education programs. It brings research and ideas together to improve how CAP Tulsa delivers early childhood education and how it helps families achieve economic self-sufficiency. Internal and external partners are joined to develop and launch pilot initiatives and services that benefit low-income families and children.

Family Advancement: CAP Tulsa family advancement programs help families work toward providing a secure future through academic skills, career training, college preparation and career coaching services.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Costs (Continued)

Community Development/Housing: Housing and related services are provided to income eligible individuals through subsidiaries and limited partnerships. Upon the completion of the sale of the NHP housing properties, the Organizations exited this functional classification category in March 2022.

Management and General: Includes administrative services in the areas of accounting, human resources, executive leadership, marketing, information technology, operations and other departments whose activities support all agency programs.

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the organization. Those expenses include compensation for personnel services, telephone, facilities, copier, postage, other, and indirect costs. Compensation for personnel services are generally allocated based on time spent on specific purpose and grant activity. Telephone and facilities expenses are generally allocated based on percentage of full-time equivalent employees charged to a program. Copier, printing, and postage expenses are generally allocated based on usage. Other costs may be allocated to multiple programs using a basis determined to be appropriate to the particular cost.

Advertising Costs

Advertising costs are expensed as incurred in the consolidated statements of activities.

Recently Adopted Accounting Pronouncements

The Organization adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, as of January 1, 2022. The amendments in this update require entities to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities, expand disclosures on the various contributed nonfinancial assets recognized, including disaggregated category types, the valuation techniques and inputs used to arrive at fair value, and the policy for either monetizing or utilizing contributed nonfinancial assets. ASU No. 2020-07 has been applied retrospectively to all periods presented. There was no change to reported assets or the change in net assets for either year presented.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the balance sheet. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted this guidance for the year ended December 31, 2022, with modified retrospective application to January 1, 2022, through a cumulative-effect adjustment. The Organization has elected the package of practical expedients permitted in ASC Topic 842.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncement (Continued)

Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of December 31, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, the Organization did not reassess service contracts evaluated for lease treatment under ASC Topic 840 for embedded leases under ASC Topic 842.

As a result of the adoption of the new lease accounting guidance, the Organization recognized the following right-of-use (ROU) assets and lease liabilities as of January 1:

	2022
Right of use leased assets	\$5,170,828
Operating lease liability	\$5,170,828

This standard did not have a material impact on the Organization's net assets or cash flows from operations and had an immaterial impact on its operating results. The most significant impact was the recognition of the ROU assets and lease obligations for operating leases.

Leases

The Organization is a lessee in multiple noncancelable operating leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The Organization has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncement (Continued)

Leases (continued)

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

The Organization made an accounting policy election for building space and office equipment to not separate the lease components of a contract and its associated non-lease components including lessor-provided maintenance. For all other underlying classes of assets, the Organization separates lease and non-lease components to determine the lease payment.

Subsequent Events

Subsequent events have been evaluated through June 20, 2023, which is the date the consolidated financial statements were available to be issued.

Note 2: Concentration of Credit Risk

The Organizations maintain a portion of their cash balances in several banks and investment firms. Accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and amounts at each investment firm are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. The Organizations' cash balances at times exceed insured limits as designated by the FDIC and SIPC. Management has assessed the risk of potential loss due to these concentrations and believes that the risk is minimal.

Note 3: Liquidity and Availability of Financial Assets

The following reflects CAP Tulsa's financial assets of December 31, 2022 and 2021, available within one year of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or board-imposed designations. Amounts not available include amounts set aside for long-term investing in an operating reserve account and board designated endowment that could be drawn upon if the governing board approves that action. Amounts already appropriated from either the donor-restricted endowment or operating reserve account for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 3: Liquidity and Availability of Financial Assets (Continued)

The calculation of available financial assets as of December 31 each year are as follows:

	2022	2021
Cash and cash equivalents	\$ 8,951,390	\$ 5,140,706
Accounts receivable	7,280,197	8,701,617
Current portion of promises to give	111,000	111,000
Certificates of deposits and investments convertible to cash	29,072,631	33,480,043
Total financial assets at December 31	45,415,218	47,433,366
Less: Collateral included in financial assets	1,917,378	1,610,000
Less: Refundable advance liability	768,150	1,105,023
Less: Board designated operating reserve	17,030,111	15,375,928
Less: Board designated "quasi-endowment"	6,769,701	8,096,444
Less: Net assets with donor restrictions included in financial assets	657,315	521,425
Total available financial assets	\$ 18,272,563	\$ 20,724,546

According to its investment policy, CAP Tulsa's investment objectives are the preservation and protection of its assets, as well as the maintenance of liquid reserves to meet obligations arising from unanticipated activities.

Note 4: Escrow Funds

In accordance with a multi-party memorandum of understanding, CAP Tulsa has set up an escrow fund to hold cash in the form of money market funds and investments received for the benefit of the early childhood programs. The escrow fund is to be managed by CAP Tulsa and used to support the operational costs of 26 classrooms. Tulsa Educare, Inc. (TEI) is entitled to a proportionate amount of the escrow funds to support 16 of those 26 classrooms and CAP Tulsa has the ultimate discretion for the distribution to TEI (see note 17). The remaining balance is to be used to support 10 classrooms operated by CAP Tulsa.

The balance and make-up of the escrow funds as of December 31 are as follows:

	2022	2021
Money market funds	\$ 24,124	\$ 498,492
Certificates of deposit	483,182	680,889
Fixed income securities	7,130,254	8,888,733
Totals	\$ 7,637,560	\$ 10,068,114

Note 5: Restricted Cash

Restricted cash consisted of tenant security deposits for \$0 and \$16,020 as of December 31, 2022 and 2021.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 6: Investments

The Organizations maintain investment accounts with an investment firm. The investments are carried at fair value. As of December 31, investments consist of the following:

	2022	2021
Mutual funds	\$ 26,962,903	\$31,626,692
Investments with Tulsa Community Foundation	192,350	243,351
Totals	\$ 27,155,253	\$31,870,043

The Organizations' total investment (loss) income for 2022 and 2021, was as follows:

	2022	2021
Interest and dividends	\$ 691,827	\$ 858,209
Realized and unrealized (losses) and gains	(5,619,031)	826,897
Investment fees	(102,223)	(32,887)
Totals	\$ (5,029,427)	\$ 1,652,219

Note 7: Fair Value Measurements

Financial accounting standards related to fair value measurements describe a fair value hierarchy that includes three levels of inputs to be used to measure fair value. In general, the Organizations measure fair values determined by Level 1 inputs utilizing quoted market prices in active markets and fair values determined by Level 2 inputs utilizing market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves. Fair values determined by Level 3 inputs utilize market value of the underlying assets, consisting mainly of securities which are valued based on quoted market prices, based on recent trading activity and other observable market data.

Information regarding the fair value measurements of assets measured on a recurring basis as of December 31, is as follows:

	2022			Total Assets at Fair Value
	Fair Value Measurements Using Level 1	Level 2	Level 3	
Assets:				
Escrow money market funds	\$ 24,124	\$ 0	\$ 0	\$ 24,124
Escrow funds:				
Escrow fixed income securities	7,130,254	0	0	7,130,254
Escrow certificates of deposit	483,182	0	0	483,182
Escrow funds at fair value	7,637,560	0	0	7,637,560
Investments:				
Mutual funds	26,962,903	0	0	26,962,903
Investments with Tulsa Community Foundation	0	0	192,350	192,350
Investments measured at fair value	26,962,903	0	192,350	27,155,253
Totals	\$ 34,600,463	\$ 0	\$ 192,350	\$ 34,792,813

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 7: Fair Value Measurements (Continued)

	2021			Total Assets at Fair Value
	Fair Value Measurements Using Level 1	Level 2	Level 3	
Assets:				
Escrow money market funds	\$ 498,492	\$ 0	\$ 0	\$ 498,492
Escrow funds:				
Escrow fixed income securities	8,888,733	0	0	8,888,733
Escrow certificates of deposit	680,889	0	0	680,889
Escrow funds at fair value	10,068,114	0	0	10,068,114
Investments:				
Mutual funds	31,626,692	0	0	31,626,692
Investments with Tulsa Community Foundation	0	0	243,351	243,351
Investments measured at fair value	31,626,692	0	243,351	31,870,043
Totals	\$ 41,694,806	\$ 0	\$ 243,351	\$ 41,938,157

Following is a description of the valuation methodology used for each asset measured at fair value on a recurring basis:

- Money market funds and certificates of deposit are measured at cost, which approximates fair value.
- U.S. treasury bills, fixed income securities, and mutual funds are valued at quoted market prices.
- Investments with Tulsa Community Foundation are valued based on the market value of the underlying assets, consisting mainly of equity securities and fixed income securities which are valued based on quoted market prices based on recent trading activity and other observable market data.

There were no assets or liabilities measured on a non-recurring basis during 2022 or 2021.

Note 8: Endowments

CAP Tulsa's endowments consist of funds held at Tulsa Community Foundation and funds designated by the Board of Directors to function as a quasi-endowment. Both funds have been established for the furtherance of CAP Tulsa's mission and financial stability. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

CAP Tulsa's Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the Oklahoma state legislature, as requiring CAP Tulsa to preserve the fair value of the donor's original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, CAP Tulsa classifies as net assets with donor restrictions (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment. Accumulated earnings on donor-restricted endowment funds are reported as net assets with donor restrictions until those amounts are appropriated for expenditure by CAP Tulsa in a manner consistent with the standard of prudence prescribed by UPMIFA.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 8: Endowments (Continued)

In accordance with UPMIFA, CAP Tulsa considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 CAP Tulsa, and (7) CAP Tulsa's investment policies.

CAP Tulsa 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 preserve the purchasing power of the endowment assets. Under CAP Tulsa's Board-approved investment policy, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation, achieve an effective annual rate of return equal to or greater than the designated benchmarks for the various types of investment vehicles, and ensure that any risk assumed is commensurate with the given investment vehicle and CAP Tulsa's objectives.

To achieve its investment goals, CAP Tulsa targets an asset allocation that will achieve a balance return of current income and long-term growth of principal while exercising risk control. CAP Tulsa's asset allocations include a blend of equity and debt securities and cash equivalents.

Investments with Tulsa Community Foundation

CAP Tulsa is the sole beneficiary of a donor-restricted endowment fund held by Tulsa Community Foundation, Inc. ("TCF"), an Oklahoma charitable organization. TCF may distribute to CAP Tulsa a portion of the Fund's net annual income upon CAP Tulsa's request, as long as the market value of the Fund does not fall below the original cost of the gift. The agreement governing the assets include a variance power allowing TCF to modify restrictions on distributions from the funds. The Fund's fair value as of December 31, 2022 and 2021, was \$192,350 and \$243,351, respectively.

Board Designated Endowment

As described in Note 21, CAP Tulsa's governing board designated \$7,000,000 from net assets without donor restrictions for a quasi-endowment in 2020. The fair value of the board designated endowment was \$6,769,701 and \$8,096,444 as of December 31, 2022 and 2021.

An annual spending policy has been established so that no more than 4% of the previous 12 months' earnings can be withdrawn each year to use for general operations. Withdrawals that would exceed the spending rule or decrease the principal balance of the fund below \$7,000,000 cannot be made without Board approval. The Board of Directors can modify the spending policy and can change the amount of funds designated to be the principal of the endowment.

CAP Tulsa's endowment balances were comprised of the following as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment	\$ 6,769,701	\$ 0	\$ 6,769,701
Investments with Tulsa Community Foundation	0	192,350	192,350
Endowment investments	\$ 6,769,701	\$ 192,350	\$ 6,962,051

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 8: Endowments (Continued)

The changes in CAP Tulsa's endowment investments for the year ended December 31, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at beginning	\$ 8,096,444	\$ 243,351	\$ 8,339,795
Withdrawals	0	(15,108)	(15,108)
Depreciation and investment loss	(1,326,743)	(35,893)	(1,362,636)
Balance at end	\$ 6,769,701	\$ 192,350	\$ 6,962,051

CAP Tulsa's endowment balances were comprised of the following as of December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment	\$ 8,096,444	\$ 0	\$ 8,096,444
Investments with Tulsa Community Foundation	0	243,351	243,351
Endowment investments	\$ 8,096,444	\$ 243,351	\$ 8,339,795

The changes in CAP Tulsa's endowment investments for the year ended December 31, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at beginning	\$ 7,449,981	\$ 227,750	\$ 7,677,731
Withdrawals	(150,000)	0	(150,000)
Appreciation and investment income	796,463	15,601	812,064
Balance at end	\$ 8,096,444	\$ 243,351	\$ 8,339,795

Note 9: Accounts Receivable

Accounts receivable as of December 31, consist of the following amounts:

	2022	2021
Federal grants and contracts	\$ 4,037,573	\$ 3,302,353
State grants and contracts	3,170,464	5,074,949
Other grants and contracts	60,257	199,475
Accrued interest on certificates of deposit	0	83,570
Miscellaneous	11,903	41,270
Accounts receivable	\$ 7,280,197	\$ 8,701,617

Note 10: Promise to Give

CAP Tulsa has an unconditional promise to give from a foundation in the amount of \$111,000 and \$222,000 as of December 31, 2022 and 2021. The grant is restricted to operating costs at CAP Tulsa's new headquarters. The promise to give is not discounted to present value since difference between present value and the total promise to give is immaterial. Future maturities on the promise to give at December 31, 2022 is \$111,000 to be collected in 2023.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 11: Notes Receivable from Tulsa Childrens' Coalition (TCC)

Notes receivable as of December 31, consist of the following:

	2022	2021
CAP Tulsa		
Note receivable from TCC, with no interest, due June 1, 2031. Monthly payments of principal began on July 1, 2021, of \$33,613, through the remaining term of the note. The due date of this note was extended to June 1, 2036 and the monthly principal payment was reduced to \$20,755, beginning April 1, 2023.	\$ 3,366,667	\$ 3,766,667
Note receivable from TCC, bearing interest at 1.0%, due February 1, 2036. Monthly payments of principal and interest began on March 1, 2021, of \$7,370, through the remaining term of the note.	1,084,204	1,161,386
Notes receivable, net	4,450,871	4,928,053
Discount on notes receivable	(629,096)	(770,891)
Current portion	(477,957)	(477,182)
Notes receivable, long-term	\$ 3,343,818	\$ 3,679,980

All of the notes receivable ("loans") listed in Note 11 are from TCC, which is considered to be a related party for financial reporting purposes, and is considered in the related party loan class for evaluation purposes. TCC is an independent 501(c)3 organization which is not owned or controlled by CAP Tulsa or the Organizations, but it is considered "related" for loan evaluation purposes because CAP Tulsa rents school campus facilities from TCC and TCC purchases management services from CAP Tulsa. CAP Tulsa regularly evaluates various attributes of loans to determine the appropriateness of the allowance for doubtful accounts. CAP Tulsa's only class of loans is "related party" which is generally evaluated based on whether the loan is performing according to the contractual terms of the loan or not. CAP Tulsa has not identified any loans that are nonperforming. In addition, CAP Tulsa has not identified any loans that are past due according to the contractual terms; therefore, no loans have been placed on nonaccrual status. CAP Tulsa has not had to grant any concessions to the borrower as troubled debt restructurings due to financial difficulties and has determined that the loans outstanding are not impaired. Accordingly, the allowance for doubtful accounts was \$0 as of December 31, 2022 and 2021.

Note 12: Lease Assets and Obligations

The Organization leases properties for operation of its programs. The leases entered into include one or more options to renew. The renewal terms on the office space can extend the lease term of five years. The exercise of lease renewal options is at the Organization's sole discretion. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The right-of-use lease assets obtained in exchange for new operating lease liabilities was \$5,588,950 for the year ended December 31, 2022.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 12: Lease Assets and Obligations (Continued)

The weighed-average of the remaining lease terms and weighted average discount rates are as follows for the year ended December 31, 2022:

Weighted-average remaining lease term - Operating leases	5 years
Weighted-average discount rate - Operating leases	4.0%

Maturities of operating lease liabilities are as follows as of December 31, 2022:

2023	\$	1,235,148
2024		1,235,148
2025		1,235,148
2026		1,235,148
2027		1,235,148
<hr/>		
Total lease payments		6,175,740
Less imputed interest		(586,790)
<hr/>		
Subtotals		5,588,950
Less current portion		1,030,346
<hr/>		
Long-term portion	\$	4,558,604

Lease expense and operating cash flows from operating leases was \$1,070,580 for the year ended December 31, 2022. Total operating lease payments were \$1,070,580 for the year ended December 31, 2021. Future minimum lease payments for the year ended December 31, 2021 (before implementation of ASC 842) were \$1,047,180 to be made in 2022.

Note 13: Property and Equipment

The balances as of December 31 consist of the following:

	2022	2021
Building and improvements	\$ 8,136,495	\$ 8,136,495
Technology/website	748,538	731,138
Furniture/fixtures	755,081	755,081
Equipment	1,416,775	1,362,916
Construction projects in process	256,050	25,172
Subtotals	11,312,939	11,010,802
Accumulated depreciation	(3,092,267)	(2,510,001)
<hr/>		
Property and equipment, net	\$ 8,220,672	\$ 8,500,801

Property held for sale as of December 31, 2021 of \$523,451 consisted of the property sold in 2022. The amounts included in construction projects in process are for playground improvements. CAP Tulsa had construction commitments of approximately \$247,000 as of December 31, 2022.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 14: Notes Payable

The balances as of December 31, consist of the following:

	2022	2021
Note payable to a family foundation bearing interest at 1.0%. Monthly payments of principal and interest began on March 1, 2021, of \$7,370, through February 1, 2036. The note is secured by a \$1,090,666 irrevocable letter of credit. The letter of credit renews on an annual basis until the debt is repaid or a non-renewal notice is provided to the parties by the financial institution.	\$ 1,090,665	\$1,161,386
Note payable to a family foundation with no interest unless the loan is in default. Monthly principal only payments of \$33,613 began July 1, 2021 through May 31, 2031. The due date of this note was extended to June 1, 2036 and the monthly principal payment was reduced to \$20,755, beginning April 1, 2023. The note is secured by a \$3,428,571 irrevocable letter of credit. The letter of credit expires upon the earlier of notice that the debt was repaid or December 1, 2038.	\$ 3,400,000	3,766,667
Total notes payable	\$ 4,490,665	\$ 4,928,053
Less: discount on notes payable	629,096	770,891
Less: current portion	477,957	477,182
Long-term portion of notes payable	\$ 3,383,612	\$ 3,679,980

Future maturities on notes payable at December 31, 2022 are as follow:

2023	\$ 477,957
2024	478,740
2025	479,532
2026	480,331
2027	481,116
Thereafter	2,092,989
Total	\$ 4,490,665

The notes payable described above bear interest rates that were at “below-market” rates when the notes were executed. CAP Tulsa has passed the economic benefit of the below market interest to TCC by creating terms on the notes receivable from TCC which are identical to the terms of the notes payable to the family foundation. The notes receivable from TCC are described in Note 11.

A discount on notes payable equal to the value of the charitable contribution received through interest rates below market have been recorded as a reduction to the face value of the notes payable using an imputed interest rate of 3.25%.

CAP Tulsa considers itself to be an intermediary between the family foundation and TCC and does not report the contribution revenue and expense or interest revenue and expense resulting from imputing interest on its consolidated statements of activities since these have been determined to be agency transactions.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 15: Due to Funding Source

CAP Tulsa received \$1,070,052 from the City of Tulsa in 2012. The funds loaned and outstanding to NHP are shown on the consolidated statements of financial position as due to funding source and are as follows:

	2022	2021
Due to funding source	\$ 0	\$ 1,070,052

On March 10, 2022, when NHP completed the sale of its housing properties to an unrelated buyer, this loan was assumed by the buyer. The loan was secured by the properties at the NHP complex and was forgivable if the project complies with the requirements of the project during the affordability period. The CAP Tulsa note receivable from NHP is eliminated in consolidation and was considered to be repaid when the buyer assumed the note payable to the City of Tulsa.

Note 16: Deferred Revenue – Refundable Advance Liability

Deferred revenue is considered to be a refundable advance liability and represents grant funding received from federal, state, and local funding sources for which allowable expenses have not been incurred or program services have not been provided. The revenue will be earned in the period in which the expenses are incurred, or the services are provided.

Deferred revenue – refundable advance liability consists of the following at December 31:

	2022	2021
State/local – Oklahoma Early Childhood Program match	\$ 235,990	\$ 48,187
State/local – Oklahoma Child Care Sustainability payments from CCDBG	0	218,050
State/local – Oklahoma Child Care Sustainability payments from ARP	375,966	349,000
Federal – CACFP advance	0	299,069
Other	156,194	190,717
Total refundable advance liability	\$ 768,150	\$ 1,105,023

Note 17: Commitments and Contingencies

In the normal course of business, CAP Tulsa receives grants from various governmental and private agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with grant conditions. Any potential liability for reimbursement, which may arise as a result of such audits, is not believed, by CAP Tulsa's management, to be material.

CAP Tulsa provides various services to residents in the Tulsa area. CAP Tulsa receives a substantial amount of its support from government agencies. A significant reduction in the level of this support may have an adverse effect on CAP Tulsa's programs and activities.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 17: Commitments and Contingencies (Continued)

CAP Tulsa is listed as a co-borrower on a TCC note payable to the Pearl M. and Julia J. Harmon Foundation with an initial loan amount of \$2,300,000. The proceeds from the note were used to finance construction of a new early childhood program facility, which is leased back to CAP Tulsa for early childhood programs. The note is secured by an irrevocable letter of credit issued for the account of both organizations and the contingent reimbursement obligations under the letter of credit secured by the real estate mortgage granted by TCC on the underlying early childhood facility. Payments by TCC on the note are current and CAP Tulsa does not expect to have to make any payments as a co-borrower. The total outstanding loan balances as of December 31, 2022 and 2021, are \$179,096 and \$249,491.

CAP Tulsa has a grant with the State of Oklahoma for the Oklahoma Early Childhood Program. As of December 31, 2022, the grant was for \$12,000,000 and required a \$24,000,000 private match. The grant is ongoing as of December 31, 2022, and the grant period ends June 30, 2023. CAP Tulsa believes that the match requirement will be met by the end of the grant year of June 30, 2023, which would allow CAP Tulsa to spend out the entire state portion of the grant.

CAP Tulsa entered into an agreement with the University of Oklahoma for a program quality evaluation for its early childhood program. The contract was ongoing at the end of the year and CAP Tulsa had a contract commitment of \$1,107,142 as of December 31, 2022.

CAP Tulsa entered into a memorandum of understanding in relation to the Tulsa Early Childhood Stimulus Project (TECS) with several parties. One of the stipulations of this agreement is that CAP Tulsa serve as the fiscal management agent for the funds available under this agreement. CAP Tulsa has agreed to escrow these funds and manage the disbursement for qualified expenses to Tulsa Educare. CAP Tulsa's commitment to TEI as of December 31, 2022, is \$5,687,963.

Note 18: Employee Retirement Plan

CAP Tulsa has a contributory tax deferred defined contribution plan under Section 403(b) of the Internal Revenue Code. Employees are eligible to participate in the plan at the beginning of their employment with CAP Tulsa. Employer contributions begin as soon as the employee enrolls in the plan and are fully vested at that time. CAP Tulsa's discretionary contribution for the years ended December 31, 2022 and 2021, was \$561,654 and \$524,475.

Note 19: Self-Insurance Plan

CAP Tulsa maintains a self-insurance health benefit agreement for its eligible employees and their eligible dependents. The plan includes an individual stop loss maximum of \$75,000 to reduce the risk of excessive claims in any one period.

CAP Tulsa maintains a self-insurance reserve to pay actual claims. As of December 31, 2022 and 2021, the self-insurance reserve balance was \$459,214 and \$364,926, which is the excess of the amounts withheld to pay for claims over actual claims incurred from inception to December 31, 2022. The amounts withheld are based on actuarial estimates. The reserve balance is included in net assets without donor restrictions on the consolidated statements of financial position.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 19: Self-Insurance Plan (Continued)

A liability is also maintained to fund the cost of claims incurred under the plan prior to December 31, 2022 and 2021, but paid after the end of each year. As of December 31, 2022 and 2021, CAP Tulsa has recorded a liability of \$427,577 and \$474,029, which are reported net of refunds received in 2022 and 2021 for claims paid in 2022 and 2021 that were in excess of the stop loss maximum. The liability balance is included in accrued payroll and related liabilities on the consolidated statements of financial position.

Note 20: Net Assets with Donor Restrictions

Net assets with donor restrictions represent amounts contributed by donors as follows:

	2022	2021
<u>Subject to expenditure for specified purpose:</u>		
Early childhood program – specified classroom operations	\$ 8,366,029	\$ 9,454,678
Management & General - headquarters office renovation	148,597	162,504
Operating costs at CAP Tulsa's headquarters	111,000	222,000
Other purpose restrictions	205,369	4,570
<u>Subject to Organization spending policy and appropriation:</u>		
Tulsa Community Foundation Investment in perpetuity (including amounts above original gift amount of \$106,468), which, once appropriated, is expendable to support any organization program or general operations	192,350	243,351
<u>Total net assets with donor restriction</u>	<u>\$ 9,023,345</u>	<u>\$ 10,087,103</u>

Net assets released from restriction are as follows:

	2022	2021
Early childhood program expenditures	\$ 1,088,649	2,865,018
Headquarters office renovation expenditures	13,907	62,872
Tulsa Community Foundation	15,108	0
Other purpose expenditures	130,396	265,466
<u>Total net assets released from restriction</u>	<u>\$ 1,248,060</u>	<u>\$ 3,193,356</u>

Note 21: Board Designated Net Assets

CAP Tulsa's governing board has designated the following from net assets without donor restrictions as of December 31:

	2022	2021
Board designated – operating reserve	\$ 17,030,111	\$ 15,375,928
Board designated – endowment	6,769,701	8,096,444
<u>Total board designated net assets</u>	<u>\$ 23,799,812</u>	<u>\$ 23,472,372</u>

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 21: Board Designated Net Assets (Continued)

Operating reserve

As discussed above, CAP Tulsa's governing board has designated, from net assets without donor restrictions, \$17,030,111 and \$15,375,928 as of December 31, 2022 and 2021, for an operating reserve. The operating reserve designation has been established to ensure the stability of the mission, programs, employment, and ongoing operations of CAP Tulsa, and is based on a percentage of budgeted total operating expenses as approved by the Board of Directors. Expenditures from the reserve require prior approval by the Board of Directors.

The following is a summary of the changes in the board designated operating reserve:

	2022	2021
Balance at beginning of year	\$ 15,375,928	\$ 15,435,761
Approved change in operating reserve designated balance	1,654,183	(59,833)
Balance at end of year	\$ 17,030,111	\$ 15,375,928

Endowment

As described in Note 8, CAP Tulsa's governing board designated, from net assets without donor restrictions, \$7,000,000 for a quasi-endowment in 2020. The endowment designation has been established to ensure the stability of the mission, programs, employment, and ongoing operations of CAP Tulsa by creating an investment fund that will be managed for long-term growth. During 2022, a decrease in the fair value of the assets in the investment portfolio reduced the ending balance of the portfolio below the original \$7,000,000 designated balance. The organization did not withdraw any funds from the portfolio in 2022.

	2022	2021
Balance at beginning	\$ 8,096,444	\$ 7,449,981
Approved withdrawal and transfer to operating funds	0	(150,000)
Appreciation (depreciation) and investment income (loss)	(1,326,743)	796,463
Balance at end	\$ 6,769,701	\$ 8,096,444

Note 22: Income Taxes

Income tax expense consists of the following for NRC for the year ended December 31, 2022:

Current tax provision:	
Federal	\$ 62,000
State	14,000
Total income tax expense	\$ 76,000

There were no taxes due or paid during the year ended December 31, 2021 or taxes paid during the year ended December 31, 2022.

Community Action Project of Tulsa County, Inc.

Notes to Consolidated Financial Statements

Note 23: Related Party Transactions

CAP Tulsa leases its child education facilities from TCC. CAP Tulsa also has a management contract with TCC under which CAP Tulsa provides management and accounting services to TCC since TCC has no employees. Both CAP Tulsa and TCC have separate Boards with no common members and are not under common control. CAP Tulsa's fees for these management and accounting services were \$108,000 in both 2022 and 2021. CAP Tulsa's rental payments to TCC for space were \$1,023,780 in both 2022 and 2021.

CAP Tulsa has provided TCC with two loans that are described in Note 11.

CAP Tulsa is also listed as a co-borrower on a TCC note payable to the Pearl M. and Julia J. Harmon Foundation with an initial loan amount of \$2,300,000. The note is at 1% interest and matures in July 2025. The total outstanding loan balance as of December 31, 2022 and 2021, is \$179,096 and \$249,491. CAP Tulsa does not anticipate having to make any payments as co-borrower on these notes.

A member of the Board of Directors is employed by a financial institution that holds CAP Tulsa's operating cash and escrow accounts.

Note 24: Grant Awards

As of December 31, 2022, CAP Tulsa had total commitments under various grants of approximately \$24,700,000. Additionally, CAP Tulsa had commitments for funding under the NeighborWorks America and the state grant award for the Oklahoma Early Childhood Program to subrecipients as of December 31, 2022, of approximately \$2,780,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

Note 25: Revenue Sources

CAP Tulsa had the following concentration of total revenue sources for the year ended December 31:

	2022	2021
Department of Health and Human Services Federal Head Start	37%	34%
Oklahoma Early Childhood Program	19	21
Private foundation, Match to the Oklahoma Early Childhood Program and contributions	30	31

Supplementary Information

Community Action Project of Tulsa County, Inc.

Schedule A-1

Schedule of Expenditures of Federal and Other Awards

Year Ended December 31, 2022

Federal Grantor/Pass-Through Number/Program Title	AL Number	Funding Source/Pass-Through Entity	Pass-Through to Subrecipients	Expenditures
FEDERAL PROGRAMS				
DEPARTMENT OF AGRICULTURE				
Child and Adult Care Food Program (CACFP) DC-72-326	10.558	Oklahoma State Dept of Education	\$ 0	\$ 1,377,851
COVID-19 American Rescue Plan CACFP DC-72-326		Oklahoma State Dept of Education	0	299,069
Total Federal Expenditures AL 10.558			0	1,676,920
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
CDBG - Entitlement Grants Cluster				
Community Development Block Grant	14.218	City of Tulsa	0	81,079
DEPARTMENT OF TREASURY				
NeighborWorks Supplemental Request	21.000	NeighborWorks America	0	20,710
Neighborworks Expendable		NeighborWorks America	108,351	160,486
NeighborWorks Emergency		NeighborWorks America	20,000	69,984
NeighborWorks Training		NeighborWorks America	4,200	12,475
Total Federal Expenditures - AL 21.000			132,551	263,655
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Maternal Infant and Early Childhood Visiting Program (MIECHV)	93.870	Oklahoma Department of Health	0	550,320
Community Service Block Grant CSBG 22	93.569	Oklahoma Department of Commerce	0	910,688
COVID-19 Community Service Block Grant CSBG CARES 20-22		Oklahoma Department of Commerce	558,864	881,546
Total Federal Expenditures - AL 93.569			558,864	1,792,234
Head Start Cluster				
Head Start/ Early Head Start 06-CH012014-02	93.600	US Dept. of Health and Human Services	0	16,950,648
Early Head Start CCP 06-HP000477-01 and 02		US Dept. of Health and Human Services	0	5,386,455
COVID-19 Head Start American Rescue Plan 06-HE001364-01-C6		US Dept. of Health and Human Services	0	512,649
COVID-19 Head Start CRRSA 06-HE001364-01-C5		US Dept. of Health and Human Services	0	216,514
Total Federal Expenditures Head Start Cluster AL.93.600			0	23,066,266
Total Department of Health and Human Services Expenditures			558,864	25,408,820
Total Federal Expenditures			\$ 691,415	\$ 27,430,474

Community Action Project of Tulsa County, Inc.

Schedule A-2
Schedule of Expenditures of Federal and Other Awards (Continued)
Year ended December 31, 2022

Grantor / Program Title	Funding Source/ Pass-Through Entity	Pass-through to subrecipients	Expenditures
STATE AND LOCAL PROGRAMS			
Administrative	Bezalel Foundation	\$ 0	\$ 125,000
Administrative	Tulsa Area United Way	0	8,673
Administrative	Oklahoma Department of Commerce SAF/CAA	0	44,360
Administrative	Various donations	0	63,706
Early Childhood Programs - Head Start and Early Head Start	Anderson Charitable Foundation	0	15,000
Early Childhood Programs - Head Start and Early Head Start	Children's Medical Charities Association	0	2,000
Early Childhood Programs - Head Start and Early Head Start	Enterprise Foundation	0	5,000
Early Childhood Programs - Head Start and Early Head Start	Grace & Franklin Bernsen Foundation	0	10,000
Early Childhood Programs - Head Start and Early Head Start	Muscogee Creek Nation	0	21,330
Early Childhood Programs - Head Start and Early Head Start	Potts Family Foundation	0	5,000
Early Childhood Programs - Head Start and Early Head Start	Oklahoma Department of Commerce SAF/CAA - Head Start	0	225,821
Early Childhood Programs - Head Start and Early Head Start	TD Williamson	0	1,000
Early Childhood Programs - Head Start and Early Head Start	Ed Darby Foundation	0	5,000
Early Childhood Programs - Head Start and Early Head Start	Tulsa Area United Way	0	55,837
Early Childhood Programs - Head Start and Early Head Start	Tulsa Community Foundation - Children's Fund	0	5,000
Early Childhood Programs (ECP) - Oklahoma Early Childhood Program (OECF)	George Kaiser Family Foundation	5,390,118	19,148,190
Early Childhood Programs (ECP) - Oklahoma Early Childhood Program (OECF)	Oklahoma State Department of Education	4,619,888	12,115,548
ECP and/or Family Advancement - OECF	AEP Foundation	0	5,000
ECP and/or Family Advancement - OECF	Anne & Henry Zarrow Foundation	0	60,265
ECP and/or Family Advancement - OECF	BOK Foundation	0	5,000
ECP and/or Family Advancement - OECF	Quik Trip Corporation	0	30,000
ECP and/or Family Advancement - OECF	Charles and Lynn Schusterman Family Philanthropies	0	126,284
ECP and/or Family Advancement - OECF	Tulsa Area United Way	0	90,548
ECP and/or Family Advancement - OECF	Sharna and Irvin Frank Foundation	0	10,000
Family Advancement - Career Advance, ESL, Family Engagement and other	George Kaiser Family Foundation	0	100,000
Family Advancement - Career Advance, ESL, Family Engagement and other	Bank of the West	0	10,000
Family Advancement - Career Advance, ESL, Family Engagement and other	Blue Cross Blue Shield of Oklahoma	0	6,000
Family Advancement - Career Advance, ESL, Family Engagement and other	BOK Foundation	0	5,000
Family Advancement - Career Advance, ESL, Family Engagement and other	Sanford and Irene Burnstein Foundation	0	25,000
Family Advancement - Career Advance, ESL, Family Engagement and other	Cuesta Foundation	0	2,500
Family Advancement - Career Advance, ESL, Family Engagement and other	Dollar General	0	7,500
Family Advancement - Career Advance, ESL, Family Engagement and other	Gelvin Foundatio	0	3,500
Family Advancement - Career Advance, ESL, Family Engagement and other	Hogan Taylor Foundation	0	2,500
Family Advancement - Career Advance, ESL, Family Engagement and other	Quik Trip Corporation	0	20,000
Family Advancement - Career Advance, ESL, Family Engagement and other	Ralph & Frances McGill Foundation	0	3,500
Family Advancement - Career Advance, ESL, Family Engagement and other	Charles and Lynn Schusterman Family Philanthropies	0	63,716
Family Advancement - Career Advance, ESL, Family Engagement and other	Tulsa Area United Way	0	477,472
American Rescue Plan QRS Five Star Quality Beneficiary Assistance	Oklahoma Department of Health	0	150,000
American Rescue Plan Child Care Sustainability Beneficiary Assistance	Oklahoma Department of Health	0	1,034,934
TOTAL STATE & LOCAL EXPENDITURES		10,010,006	34,095,184
TOTAL GRANTS AND CONTRACTS EXPENDITURES		\$ 10,701,421	61,525,658

Notes to the Schedule of Expenditures of Federal and Other Awards

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal and Other Awards (the "Schedule") includes the federal grant activity of Community Action Project of Tulsa County, Inc. under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Community Action Project of Tulsa County, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Community Action Project of Tulsa County, Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

Community Action Project of Tulsa County, Inc. has an approved indirect cost rate, and therefore, did not use the 10% de minimis cost rate.

Community Action Project of Tulsa County, Inc.

Schedule B

Schedule of Funds - Oklahoma Department of Commerce

Year Ended December 31, 2022

Federal/State Grantor/Pass-Through Grantor/Program Title		Federal AL Number	Pass- Through Grantor's Number	Program or Award Amount	Grant Expenditures in Prior Audit Period	Unspent Grant Award at 01/01/2022	Contract Receipts or Revenue Recognized	Contract Disburse/ Expenditures	Interest Earned Federal Funds	Match Receipts or Revenue Recog.	Match Disburse/ Expend.
DEPARTMENT OF HEALTH AND HUMAN SERVICES											
Pass-through Agency											
Oklahoma Department of Commerce											
COVID-19 Community Service Block Grant	CSBG-CR 20	93.569	17870	\$ 1,488,668	\$ 607,122	\$ 881,546	\$ 881,546	\$ 881,546	\$ 0	\$ 0	\$ 0
Community Service Block Grant	CSBG 22	93.569	18134	1,007,082	0	1,007,082	910,688	910,688	0	0	0
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$ 2,495,750	\$ 607,122	\$ 1,888,628	\$ 1,792,234	\$ 1,792,234	\$ 0	\$ 0	\$ 0
STATE PROGRAMS											
State of Oklahoma											
Pass-through Agency											
Oklahoma Department of Commerce											
State Appropriated Funds											
	SAF/CAA-HS-21/22	N/A	18285	215,291	100,794	114,497	114,497	114,497	0	0	0
	SAF/CAA-HS-22/23	N/A	18644	222,650	0	222,650	111,325	111,325	0	0	0
	SAF/CAA-21/22	N/A	18272	42,247	21,123	21,124	21,124	21,124	0	0	0
	SAF/CAA-22/23	N/A	18634	46,472	0	46,472	23,235	23,235	0	0	0
				526,660	121,917	404,743	270,181	270,181	0	0	0
TOTAL STATE OF OKLAHOMA				\$ 526,660	\$ 121,917	\$ 404,743	\$ 270,181	\$ 270,181	\$ 0	\$ 0	\$ 0

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*

Board of Directors
Community Action Project of Tulsa County, Inc.
Tulsa, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Community Action Project of Tulsa County, Inc. (a nonprofit organization) and its wholly owned subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 20, 2023. The financial statements of Tulsa Community Loan Fund, Inc., Norwood Realty Corporation, Brightwaters Realty Corporation, Norwood Housing Partners, LP, and Brightwaters Housing Partners, LP were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these entities.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Action Project of Tulsa County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 Community Action Project of Tulsa County, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Action Project of Tulsa County, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

June 20, 2023
Madison, Wisconsin

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Community Action Project of Tulsa County, Inc.
Tulsa, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Action Project of Tulsa County, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement*, that could have a direct and material effect on each of Community Action Project of Tulsa County, Inc.'s major federal programs for the year ended December 31, 2022. Community Action Project of Tulsa County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Action Project of Tulsa County, Inc.'s complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Action Project of Tulsa County, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Action Project of Tulsa County, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Action Project of Tulsa County, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Action Project of Tulsa County, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Community Action Project of Tulsa County, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Community Action Project of Tulsa County, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Action Project of Tulsa County, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Action Project of Tulsa County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

June 20, 2023

Madison, Wisconsin

Community Action Project of Tulsa County, Inc.

Schedule of Findings and Questioned Costs

Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No
Identification of major federal programs:	
<u>Name of Federal Major Program or Cluster</u>	<u>AL No.</u>
Child and Adult Care Food Program	10.558
Head Start Cluster	93.600
Dollar threshold used to distinguish between Type A and Type B programs:	\$822,914
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Year Findings

None