OKLAHOMA CENTER FOR NONPROFITS

FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014

WITH

INDEPENDENT AUDITOR'S REPORT

HoganTaylor LLP
CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oklahoma Center for Nonprofits, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Oklahoma Center for Nonprofits, Inc. (the Center) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma Center for Nonprofits, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

HoganTaylor LLP

September 14, 2015

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OKLAHOMA CENTER FOR NONPROFITS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2015 and 2014

	2015	2014
Assets		
Cash	$ 491,592	$ 333,343
Certificates of deposit	20,000	-
Accounts and other receivables, net	21,620	13,599
Pledges receivable	32,799	28,209
Prepaid expenses	15,403	19,025
Total current assets	581,414	394,176
Furniture and equipment, net	11,505	7,362
Pledges receivable	-	25,000
Endowed funds held by community foundations	100,244	101,689
Total assets	$ 693,163	$ 528,227
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 32,677	$ 39,763
Accrued salaries	31,523	19,071
Accrued vacation	22,711	10,627
Deferred revenue	30,663	21,440
Total current liabilities	117,574	90,901
Net assets:		
Unrestricted	350,213	200,489
Temporarily restricted	125,132	135,148
Permanently restricted	100,244	101,689
Total net assets	575,589	437,326
Total liabilities and net assets	$ 693,163	$ 528,227

See notes to financial statements.

OKLAHOMA CENTER FOR NONPROFITS, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues and Support				
Program service fees, net of discounts of $1,084	$ 441,716	$ -	$ -	$ 441,716
Contributions and grants	1,043,472	24,345	-	1,067,817
Membership fees	168,553	-	-	168,553
Investment income	7,846	-	-	7,846
Net unrealized loss on investments	-	-	(1,445)	(1,445)
Other income	1,090	-	-	1,090
Net assets released from restriction	34,361	(34,361)	-	-
Total operating revenues and support	1,697,038	(10,016)	(1,445)	1,685,577
Operating Expenses				
Program	1,287,397	-	-	1,287,397
Management and general	155,298	-	-	155,298
Fundraising	104,619	-	-	104,619
Total operating expenses	1,547,314	-	-	1,547,314
Changes in net assets	149,724	(10,016)	(1,445)	138,263
Net assets, beginning of year	200,489	135,148	101,689	437,326
Net assets, end of year	$ 350,213	$ 125,132	$ 100,244	$ 575,589

OKLAHOMA CENTER FOR NONPROFITS, INC.

STATEMENT OF ACTIVITIES

Year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues and Support				
Program service fees, net of discounts of $8,516	$ 234,311	$ -	$ -	$ 234,311
Contributions and grants	887,322	67,947	-	955,269
Membership fees	149,950	-	-	149,950
Investment income	7,541	-	-	7,541
Net unrealized gain on investments	-	-	8,567	8,567
Other income	4,823	-	-	4,823
Net assets released from restriction	10,878	(10,878)	-	-
Total operating revenues and support	1,294,825	57,069	8,567	1,360,461
Operating Expenses				
Program	1,067,379	-	-	1,067,379
Management and general	158,941	-	-	158,941
Fundraising	82,778	-	-	82,778
Total operating expenses	1,309,098	-	-	1,309,098
Changes in net assets	(14,273)	57,069	8,567	51,363
Net assets, beginning of year	214,762	78,079	93,122	385,963
Net assets, end of year	$ 200,489	$ 135,148	$ 101,689	$ 437,326

OKLAHOMA CENTER FOR NONPROFITS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2015

	Program	Management and General	Fundraising	Total
Salaries, payroll taxes and benefits	$ 611,213	$ 82,841	$ 70,322	$ 764,376
Depreciation	-	4,825	-	4,825
General liability insurance	-	9,083	-	9,083
Marketing and advertising	27,728	-	3,892	31,620
Memberships and subscriptions	16,151	2,237	3,304	21,692
ONE Awards	145,702	-	-	145,702
Other	13,881	2,300	1,205	17,386
Postage and shipping	7,201	840	1,258	9,299
Printing and copying	53,103	4,282	4,964	62,349
Professional services	237,605	20,592	883	259,080
Occupancy costs	66,014	8,704	5,938	80,656
Repairs and maintenance	7,050	970	889	8,909
Staff training	3,330	4,729	1,505	9,564
Supplies	11,628	1,696	710	14,034
Telephone	10,325	1,712	1,299	13,336
Travel, lodging and transportation	75,083	10,165	8,253	93,501
Website	1,383	322	197	1,902
	$ 1,287,397	$ 155,298	$ 104,619	$ 1,547,314

OKLAHOMA CENTER FOR NONPROFITS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2014

	Program	Management and General	Fundraising	Total
Salaries, payroll taxes and benefits	$ 454,508	$ 92,438	$ 56,675	$ 603,621
Depreciation	-	5,613	-	5,613
General liability insurance	-	6,919	-	6,919
Marketing and advertising	33,100	150	3,261	36,511
Memberships and subscriptions	13,918	3,437	1,180	18,535
ONE Awards	145,389	-	-	145,389
Other	8,047	3,185	987	12,219
Postage and shipping	8,751	795	1,052	10,598
Printing and copying	36,898	4,103	1,420	42,421
Professional services	244,009	17,800	-	261,809
Occupancy costs	58,741	9,570	5,415	73,726
Repairs and maintenance	7,355	3,206	1,001	11,562
Staff training	4,578	1,719	1,487	7,784
Supplies	5,227	2,648	267	8,142
Telephone	8,060	2,043	999	11,102
Travel, lodging and transportation	37,564	5,035	8,879	51,478
Website	1,234	280	155	1,669
	$ 1,067,379	$ 158,941	$ 82,778	$ 1,309,098

OKLAHOMA CENTER FOR NONPROFITS, INC.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Cash received from members and service recipients	$ 612,562	$ 403,527
Cash received from contributors	1,014,388	808,167
Interest and dividends received	7,846	7,541
Cash paid to employees and suppliers	(1,447,579)	(1,188,652)
Net cash provided by operating activities	187,217	30,583
Cash Flows from Investing Activities		
Certificates of deposit	(20,000)	-
Purchase of furniture and equipment	(8,968)	(7,244)
Net increase in cash	158,249	23,339
Cash, beginning of year	333,343	310,004
Cash, end of year	$ 491,592	$ 333,343
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in net assets	$ 138,263	$ 51,363
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,825	5,613
Increase in accounts and other receivables	(8,021)	(3,367)
(Increase) decrease in pledges receivable	20,410	(48,560)
(Increase) decrease in prepaid expenses	3,622	(5,738)
Increase (decrease) in accounts payable	(7,086)	23,638
Increase (decrease) in accrued salaries and accrued vacation	24,536	(1,609)
Increase in deferred revenue	9,223	17,810
Net unrealized and realized (gain) loss on investments	1,445	(8,567)
Net cash provided by operating activities	$ 187,217	$ 30,583

See notes to financial statements.

Note 1 – Nature of Operations

Organization

The Oklahoma Center for Nonprofits, Inc. (the Center) has been serving Oklahoma nonprofits since 1982 and currently has offices in Oklahoma City and Tulsa. The Center is a public benefit organization dedicated to providing management assistance and training to other nonprofit organizations, governmental units, and agencies through seminars, workshops, conferences, direct consulting, and on-site training and management services. These services enable nonprofit organizations to conduct their own affairs, provide their services, and fulfill their own exempt purposes more effectively.

The Center evaluates and recognizes nonprofit organizations of excellence throughout Oklahoma in its annual Oklahoma Nonprofit Excellence (ONE) Awards Program. In addition, the Center, through its Oklahoma Alliance of Nonprofits department, provides opportunities for membership, networking and public advocacy for the nonprofit sector.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

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

Net assets

The Center reports information regarding its financial position and changes in net assets according to three classes of net assets based on the existence or absence of donor-imposed restrictions, as follows:

Unrestricted – Expendable amounts available for support of the Center's operations.

Temporarily restricted – Amounts which have been temporarily restricted by donors for specific purposes or time periods. Contributions for which donor restrictions have been met in the same year as received are accounted for as unrestricted contributions.

Permanently restricted – Amounts required to be maintained in perpetuity for the benefit of the Center with income generated by such amounts available for purposes specified by the donor.

Contributions

Gifts of cash and other assets received are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. The Center reports gifts of land, buildings, and equipment as unrestricted support 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 restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Contributed materials are recorded at fair value at the time of donation, and contributed services are recorded at the fair value of the services, provided they create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation.

Cash and cash equivalents

The Center considers certificates of deposit, money market funds, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Furniture and equipment

Purchased assets are recorded at cost and donated assets are recorded at fair value at the time of donation. Furniture and equipment initially valued at $500 or more is capitalized and depreciated over an estimated useful life ranging between three and ten years on a straight-line basis. Accumulated depreciation as of June 30, 2015 and 2014, was $104,761 and $99,936, respectively.

Receivables

Receivables are reported at their estimated collectible amount. Management provides for probable uncollectible amounts through a provision for bad debt and an adjustment to a valuation allowance based on its assessment of the individual receivable accounts. Receivables are determined to be uncollectible when collection efforts have been exhausted and are written off to expense at that time. Management believes that all amounts will be collected in full and no allowance for doubtful accounts has been established.

Current and noncurrent pledges receivable included in the accompanying June 30, 2015, statement of financial position consists of $29,000 in pledges due in fiscal year 2016. Due to the short maturity of the pledge receivable, the recorded balance at June 30, 2015, approximates its net present value.

Revenue recognition

Revenue from training and consulting activities is recognized when earned (i.e., when training is provided or consulting services are performed). Membership revenue is recognized when received. Contributions are recognized when the donor makes a promise to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Contributions to be received over a period of years are recorded at the estimated present value of the future cash flows.

All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Deferred revenue

When payment is received for training and consulting services that are to be conducted in future periods, recognition of those balances as revenue are deferred until future periods.

Functional expenses

Expenses are allocated between program and supportive services based upon either actual usage or the estimated cost attributable to each function.

Income taxes

No provision for income taxes has been made in the accompanying financial statements because the Center is exempt from federal taxes on income related to its exempt purpose under the provisions of Internal Revenue Code Section 501(c)(3).

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

Management has evaluated subsequent events through September 14, 2015, the date the financial statements were available to be issued.

Note 3 – Operating Leases

The Center leases its office space and a copier under agreements classified as operating leases. Total lease expense relating to these leases was approximately $56,000 and $49,000 in 2015 and 2014, respectively. Future minimum lease payments under the terms of the leases are as follows:

Year ended June 30,	Amount
2016	$ 58,857
2017	60,560
2018	46,933
2019	19,680
Total	$ 186,030

Note 4 – Line of Credit Borrowings

The Center had a $100,000 revolving line of credit with a bank, secured by substantially all assets of the Center, which expired on August 5, 2015. Interest was at the greater of the Wall Street Journal U.S. Prime or 5.25%. There were no borrowings outstanding under this line of credit at June 30, 2015 or 2014. This line of credit was subsequently renewed and will now mature on August 5, 2016, with interest at the greater of the Wall Street Journal U.S. Prime or 5.25%.

Note 5 – Related Party Transactions

The President and Chief Executive Officer and two members of the Center's Board of Directors also serve on the board of a local nonprofit organization that contributed $151,500 and $140,000 of support for the years ended June 30, 2015 and 2014, respectively. This support represented approximately 9% and 11% of the Center's total revenue for 2015 and 2014, respectively and approximately 14% and 15% of total contributions and grants revenue for 2015 and 2014, respectively.

Note 6 – Endowments Held by Community Foundations

Over a period of years, the Center has made reciprocal transfers of funds to the Oklahoma City Community Foundation (OCCF) and the Tulsa Community Foundation (TCF) for its own benefit. Individuals and other entities have also contributed amounts to OCCF for the benefit of the Center. These community foundations retain variance power over all funds in order to assure their continued use for similar work in the event the Center should cease to exist.

The Center accounts for the value of reciprocal transfers to organizations raising or holding contributions for others, such as community foundations, as assets in its financial statements. The value of assets contributed by others to the community foundations for the benefit of the Center are not recorded if the community foundations retain variance power.

Beneficial interest in assets totaling $100,244 and $101,689 are reflected at fair value as endowed funds held by community foundations and permanently restricted net assets in the statements of financial position at June 30, 2015 and 2014, respectively.

The fair value of assets contributed directly to these foundations by donors for the benefit of the Center, which have not been recorded by the Center and not shown on the statements of financial position, were $65,265 and $66,230 at June 30, 2015 and 2014, respectively.

Annual distributions from income are made to the Center based on OCCF's spending policy, which is currently 5% of the average market value over the previous twelve quarters of all assets held for the benefit of the Center. During the years ended June 30, 2015 and 2014, the Center received $7,066 and $6,747 of these distributions, respectively.

Note 7 – Fair Value Measurements

The Center adopted the framework for measuring fair value in accordance with accounting standards that establishes a fair value hierarchy based on the observability of inputs used to measure fair value.

These inputs are summarized in the three broad levels listed below:

- Level 1 – quoted prices in active markets for identical securities.
- Level 2 – other significant observable inputs (including quoted prices for similar securities).
- Level 3 – significant unobservable inputs (including the Center's own assumptions in determining the value of investments).

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The Center's endowments held by community foundations are all classified as Level 2 investments under the fair value hierarchy.

Note 8 – Concentrations

The Center generally limits its service offerings to nonprofit organizations primarily within the state of Oklahoma. Contributions to the Center are almost exclusively from individuals, businesses, and foundations in Oklahoma. As a result, support of the Center is highly dependent upon the general economic conditions in the area. The risk of near term severe impact on the operations and mission of the Center due to these concentrations is limited by the diversity among entities making up the donor base. See Note 5 for concentrations of contributions and grant revenue received from related party contributors in 2015 and 2014.

Note 9 – Donated Services, Materials and Facilities

The Center received donated professional, advertising, legal, printing, and office equipment rental services totaling approximately $74,000 and $69,000 during the years ended June 30, 2015 and 2014, respectively, which have been included in the statements of activities as contribution income and expenses. Additionally, the Center's Tulsa office is provided rental free office space and services by Hillcrest Medical Center. Included in the statements of activities for 2015 and 2014, are contribution income and occupancy expenses of approximately $30,000 for each year.

Note 10 – Retirement Plan

The Center maintains a Simple-IRA plan for its employees, who may participate in the Plan subject to certain eligibility requirements. The Center matches up to 3% of the employee's salary deferred by the employee. The cost to the Center under this plan in 2015 and 2014, was $5,929 and $2,824, respectively.

Note 11 – Restrictions on Net Assets

Temporarily restricted net assets at June 30 included the following:

	2015	2014
Scholarships	$ 36,988	$ 38,964
Standards	31,667	57,667
Tulsa capacity builders	-	5,000
Kirkpatrick shared services	20,000	-
Statewide Rural Initiatives for Nonprofit Growth	33,469	32,132
Other	3,008	1,385
	$ 125,132	$ 135,148

As discussed in Note 6, permanently restricted net assets represent the beneficial interests in assets held by OCCF and TCF.