

# Community Action Project of Tulsa County, Inc.

Consolidated Financial Statements  
and Supplementary Information

Years Ended December 31, 2020 and 2019



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Consolidated Financial Statements and Supplementary Information  
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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

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, 2020 and 2019, 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.

### **Management's Responsibility 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

## Opinion

In our opinion, the consolidated financial statements referred to above 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, 2020 and 2019, 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.

## Other Matters

### *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 is 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 May 26, 2021, 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

May 26, 2021  
Green Bay, Wisconsin

# Community Action Project of Tulsa County, Inc.

## Consolidated Statements of Financial Position

December 31, 2020 and 2019

<i>Assets</i>	<b>2020</b>	<b>2019 (restated)</b>
Current assets:		
Cash and cash equivalents	\$ 9,043,124	\$ 11,165,879
Certificates of deposit	1,755,000	735,000
Restricted cash	22,372	1,272,453
Accounts receivable	8,752,694	5,540,311
Promise to give, current portion	111,000	111,000
Notes receivable, related parties, current portion, net	306,000	0
Prepaid expenses	769,434	720,417
Total current assets	20,759,624	19,545,060
Other assets:		
Certificates of deposit	3,622,000	3,305,000
Investments	25,305,022	17,355,187
Escrow funds	12,998,228	13,185,602
Promise to give	222,000	333,000
Notes receivable, related parties, net	4,003,805	3,165,833
Total other assets	46,151,055	37,344,622
Property and equipment, net	9,668,238	10,612,210
Property and equipment, held for sale	0	6,500,000
<b>TOTAL ASSETS</b>	<b>\$ 76,578,917</b>	<b>\$ 74,001,892</b>

# Community Action Project of Tulsa County, Inc.

## Consolidated Statements of Financial Position (Continued)

December 31, 2020 and 2019

<i>Liabilities and Net Assets</i>	2020	2019 (restated)
Current liabilities:		
Notes payable, current portion	\$ 306,000	\$ 0
Accounts payable	3,157,962	2,798,405
Accrued payroll and related liabilities	2,151,145	1,856,864
Income taxes payable	414,000	0
Refundable advance liability	1,358,067	2,014,787
<b>Total current liabilities</b>	<b>7,387,174</b>	<b>6,670,056</b>
Long-term liabilities:		
Due to funding source	1,070,052	1,070,052
Notes payable, net	4,003,805	3,165,833
Security deposits	5,399	23,857
<b>Total long-term liabilities</b>	<b>5,079,256</b>	<b>4,259,742</b>
<b>Total liabilities</b>	<b>12,466,430</b>	<b>10,929,798</b>
Net assets:		
Without donor restrictions:		
Undesignated	28,077,175	33,353,223
Board designated	22,885,742	15,240,467
<b>Total without donor restrictions</b>	<b>50,962,917</b>	<b>48,593,690</b>
With donor restrictions	13,149,570	14,478,404
<b>Total net assets</b>	<b>64,112,487</b>	<b>63,072,094</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 76,578,917</b>	<b>\$ 74,001,892</b>

# Community Action Project of Tulsa County, Inc.

## Consolidated Statements of Activities Years Ended December 31, 2020 and 2019

	2020		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>Revenue:</b>			
Grant revenue	\$ 57,953,777	\$ 43,465	\$ 57,997,242
Investment income - Net	2,519,484	176,301	2,695,785
Contract revenue	501,150	0	501,150
Donations	11,364	0	11,364
Rental income	1,630,943	0	1,630,943
Other income	31,467	0	31,467
In-kind contributions	53,344	0	53,344
Net assets released from restriction	1,548,600	( 1,548,600)	0
<b>Total revenue</b>	<b>64,250,129</b>	<b>( 1,328,834)</b>	<b>62,921,295</b>
<b>Expenses:</b>			
<b>Program activities:</b>			
Early childhood education programs	48,421,256	0	48,421,256
Family advancement	2,880,147	0	2,880,147
Community development/housing	1,879,570	0	1,879,570
<b>Total program activities</b>	<b>53,180,973</b>	<b>0</b>	<b>53,180,973</b>
<b>Supportive services:</b>			
Management and general	8,699,929	0	8,699,929
<b>Total expenses</b>	<b>61,880,902</b>	<b>0</b>	<b>61,880,902</b>
Changes in net assets	2,369,227	( 1,328,834)	1,040,393
Net assets at beginning of year	48,593,690	14,478,404	63,072,094
<b>Net assets at end of year</b>	<b>\$ 50,962,917</b>	<b>\$ 13,149,570</b>	<b>\$ 64,112,487</b>

# Community Action Project of Tulsa County, Inc.

## Consolidated Statements of Activities (Continued)

Years Ended December 31, 2020 and 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue:</b>			
Grant revenue	\$ 52,751,055	\$ 559,680	\$ 53,310,735
Investment income - Net	2,473,289	404,508	2,877,797
Contract revenue	1,467,296	0	1,467,296
Donations	4,746,139	25,000	4,771,139
Rental income	203,364	0	203,364
Loss on disposition of property and equipment	( 95,189)	0	( 95,189)
Gain on asset acquisition	3,994,170	0	3,994,170
Other income	262,791	0	262,791
In-kind contributions	239,004	0	239,004
Net assets released from restriction	3,768,939	( 3,768,939)	0
<b>Total revenue</b>	<b>69,810,858</b>	<b>( 2,779,751)</b>	<b>67,031,107</b>
<b>Expenses:</b>			
Program activities:			
Early childhood education programs	45,227,109	0	45,227,109
Family advancement	3,285,170	0	3,285,170
Community development/housing	1,318,377	0	1,318,377
<b>Total program activities</b>	<b>49,830,656</b>	<b>0</b>	<b>49,830,656</b>
Supportive services:			
Management and general	7,691,214	0	7,691,214
<b>Total expenses</b>	<b>57,521,870</b>	<b>0</b>	<b>57,521,870</b>
Changes in net assets	12,288,988	( 2,779,751)	9,509,237
Net assets at beginning of year	36,304,702	17,258,155	53,562,857
<b>Net assets at end of year</b>	<b>\$ 48,593,690</b>	<b>\$ 14,478,404</b>	<b>\$ 63,072,094</b>



# Community Action Project of Tulsa County, Inc.

## Consolidated Statement of Functional Expenses

Year Ended December 31, 2020

	Early Childhood Education	Family Advancement	Community Development/ Housing	Total Program Services	Management and General	Total Expenses
Salaries and benefits	\$ 27,824,706	\$ 855,420	\$ 257,503	\$ 28,937,629	\$ 6,278,176	\$ 35,215,805
Occupancy	2,362,414	26,570	287,055	2,676,039	182,406	2,858,445
Services provided	360,065	241,672	0	601,737	38,219	639,956
Telephone	106,542	6,428	1,057	114,027	53,534	167,561
Postage	1,665	15	92	1,772	1,847	3,619
Supplies	2,014,029	32,475	3,661	2,050,165	648,235	2,698,400
Small equipment	481,165	0	0	481,165	14,926	496,091
Advertising	70,752	100	849	71,701	33,444	105,145
Professional/consulting	145,466	1,246	10,651	157,363	403,887	561,250
Contracted services	14,296,810	1,710,076	236,765	16,243,651	9,994	16,253,645
Repairs and maintenance	320,938	0	338,302	659,240	152,912	812,152
Insurance	156,229	1,223	129,737	287,189	34,632	321,821
Transportation and travel	34,482	3,097	737	38,316	9,426	47,742
Development and training	206,504	1,825	1,217	209,546	68,258	277,804
In-kind expenses	39,489	0	0	39,489	13,855	53,344
Depreciation	0	0	194,512	194,512	756,178	950,690
Income tax expense	0	0	414,000	414,000	0	414,000
Other	0	0	3,432	3,432	0	3,432
<b>Total expenses</b>	<b>\$ 48,421,256</b>	<b>\$ 2,880,147</b>	<b>\$ 1,879,570</b>	<b>\$ 53,180,973</b>	<b>\$ 8,699,929</b>	<b>\$ 61,880,902</b>

See accompanying notes to consolidated financial statements.

# Community Action Project of Tulsa County, Inc.

## Consolidated Statement of Functional Expenses

Year Ended December 31, 2019

	Early Childhood Education	Family Advancement	Community Development/ Housing	Total Program Services	Management and General	Total Expenses
Salaries and benefits	\$ 27,089,823	\$ 737,664	\$ 27,632	\$ 27,855,119	\$ 5,344,509	\$ 33,199,628
Occupancy	2,516,773	28,895	40,857	2,586,525	206,415	2,792,940
Services provided	81,669	457,051	0	538,720	16,308	555,028
Telephone	119,997	9,843	1,026	130,866	41,362	172,228
Postage	2,134	1,020	0	3,154	3,058	6,212
Supplies	3,250,006	35,037	2,216	3,287,259	330,924	3,618,183
Small equipment	90,278	0	0	90,278	16,014	106,292
Advertising	70,703	4,507	1,885	77,095	38,686	115,781
Professional/consulting	80,721	0	9,489	90,210	647,444	737,654
Contracted services	11,219,400	1,994,979	104,261	13,318,640	0	13,318,640
Repairs and maintenance	165,522	0	44,655	210,177	41,929	252,106
Insurance	153,117	1,279	43,551	197,947	31,314	229,261
Transportation and travel	133,335	11,648	123	145,106	26,966	172,072
Development and training	201,186	3,234	844	205,264	74,766	280,030
In-kind expenses	51,906	0	0	51,906	187,098	239,004
Depreciation	0	0	194,512	194,512	621,270	815,782
Provision for doubtful accounts and bad debt expense	0	0	30	30	39	69
Debt forgiveness expense	0	0	845,000	845,000	0	845,000
Other	539	13	2,296	2,848	63,112	65,960
<b>Total expenses</b>	<b>\$ 45,227,109</b>	<b>\$ 3,285,170</b>	<b>\$ 1,318,377</b>	<b>\$ 49,830,656</b>	<b>\$ 7,691,214</b>	<b>\$ 57,521,870</b>

See accompanying notes to consolidated financial statements.

# Community Action Project of Tulsa County, Inc.

## Consolidated Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Change in cash, cash equivalents and restricted cash:		
Cash flows from operating activities:		
Changes in net assets	\$ 1,040,393	\$ 9,509,237
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	950,690	815,782
Loss on disposition of property and equipment	0	95,189
Contribution of property and equipment	0	( 4,728,833)
Provision for doubtful accounts	0	69
Forgiveness of notes receivable	0	2,067,750
Forgiveness of notes payable	0	( 300,000)
Forgiveness of due to funding source	0	( 922,750)
Net realized and unrealized gains on investments and escrow funds	( 1,828,473)	( 1,628,200)
Interest accrued on certificates of deposit and notes receivable	( 108,616)	( 90,674)
Gain on acquisition of assets	0	( 3,994,170)
Changes in operating assets and liabilities:		
Accounts receivable	( 3,103,767)	2,415,592
Promises to give	111,000	( 444,000)
Prepaid expenses	( 49,017)	( 38,130)
Accounts payable	359,557	( 921,601)
Accrued payroll and related liabilities	294,281	( 269,615)
Income taxes payable	414,000	0
Security deposits	( 18,458)	565
Refundable advance liability	( 656,720)	( 2,755,075)
Net cash from operating activities	( 2,595,130)	( 1,188,864)
Cash flows from investing activities:		
Cash and restricted cash received in acquisition	0	1,597,095
Proceeds from sale of property and equipment, held for sale	6,500,000	2,576,326
Withdrawals and proceeds from sale of investments in escrow funds	348,530	2,576,326
Purchase of investments in escrow funds	( 206,933)	( 342,608)
Purchase of certificates of deposit	( 2,317,000)	( 1,790,000)
Redemption of certificates of deposit	980,000	1,790,000
Purchase of property and equipment	( 6,718)	( 1,407,392)
Collections on notes receivable, related parties	0	133,797
Issuance of notes receivable, related parties	( 1,231,462)	0
Proceeds from sale of investments	1,337,000	10,045
Purchase of investments	( 7,412,585)	( 1,558,466)
Net cash from investing activities	( 2,009,168)	1,008,797
Cash flows from financing activities:		
Proceeds from notes payable	1,231,462	0
Net cash from financing activities	1,231,462	0
Changes in cash, cash equivalents and restricted cash	( 3,372,836)	( 180,067)
Cash, cash equivalents and restricted cash at beginning of year	12,438,332	12,618,399
Cash, cash equivalents and restricted cash at end of year	\$ 9,065,496	\$ 12,438,332
Reconciliation of cash, cash equivalents and restricted cash at December 31, 2020 and 2019:		
Cash and cash equivalents	\$ 9,043,124	\$ 11,165,879
Restricted cash	22,372	1,272,453
Total cash, cash equivalents and restricted cash	\$ 9,065,496	\$ 12,438,332

### Supplemental schedule of noncash investing and financing activities:

Increase (decrease) in discount on notes receivable, related parties and notes payable	\$ 87,490	(\$ 119,167)
Fair value of assets acquired (see Note 26)	0	8,216,673
Fair value of liabilities assumed (see Note 26)	0	3,954,960

See accompanying notes to consolidated financial statements.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### **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.

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 2019, BRC purchased the 99.99% limited partner interest of BHP. During 2020, BHP sold the housing project property 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, 2020 and 2019 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."

#### **Recently Adopted Accounting Pronouncements**

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard replaces previous revenue recognition requirements and most industry-specific guidance. The Organizations have adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* as of January 1, 2020. Management has adopted the guidance on a modified retrospective basis and analysis of various provisions of this standard resulted in no significant changes in the way the Organizations recognize revenue. There was no cumulative effect on beginning net assets of applying the new standard and its amendments for the year ended December 31, 2019.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Recently Adopted Accounting Pronouncements (Continued)

In 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurements*. The amendments in this ASU are intended to improve the effectiveness of disclosures about fair value measurements required under Accounting Standards Codification (ASC) 820. The ASU removes certain disclosures and modifies others. The Organizations have applied the amendments in this ASU on a retrospective basis. There was no change in opening balances of net assets and prior period results were not restated.

#### Change in Accounting Policy and Restatement

During the year ended December 31, 2020, CAP Tulsa elected to change its accounting policies related to its notes receivable, related party and notes payable. The notes payable were issued by a foundation with interest rates at below the market rate (see Note 13) and the funds were loaned to Tulsa Children's Coalition (TCC) with the same terms as the notes payable (see Note 11). Previously, CAP Tulsa did not impute interest on these notes as it considered them to be related party notes for cash with no other rights or privileges exchanged. In 2020, CAP Tulsa determined that imputing interest to recognize the contribution elements of these notes more accurately reflects the nature of these transactions.

The effect of this change in accounting policy has been applied on a retrospective basis so the financial statements for the year ended December 31, 2019 have been restated. The effect of the restatement are decreases in notes receivable, related party and notes payable of \$834,167 at December 31, 2019, as detailed below:

Notes receivable, related party and notes payable, December 31, 2019 as previously reported	\$ 4,000,000
<u>Less: Imputed interest as a result of change in accounting policy</u>	<u>834,167</u>
Notes receivable, related party and notes payable, December 31, 2019 as restated	<u>3,165,833</u>

There was no impact of this restatement on net assets, revenue, expenses, or change in net assets as of and for the year ended December 31, 2019. CAP Tulsa considers itself to be an intermediary between the foundation and TCC and does not report the contribution 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

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **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. During the year ended December 31, 2020, the Board of Directors designated amounts to be held in perpetuity as a result of a Board designated endowment. See further discussion in Note 21.

**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. The Neighborhood Reinvestment Revolving Loan and Capital Projects Fund, which grants home ownership and improvement loans, and 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 remaining Neighborhood Reinvestment Revolving Loan and Capital Projects Fund was released by the donor in 2019. The interest and investment income related to the Neighborhood Reinvestment funds are net assets without donor restrictions and 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.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **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.

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.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Revenue Recognition (Continued)**

##### Rental Income

Rental income represents income received by NHP and BHP from tenants leases. This income is recognized in the period in which it is earned.

##### Contract Revenue

Childcare Fees – CAP Tulsa recognized revenues from childcare fees of \$393,150 in 2020 and \$1,359,296 in 2019. 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.

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 2020 and 2019. 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 fees 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, 2020 or 2019, and there were no contract assets or contract liabilities at December 31, 2018, 2019, or 2020.



# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **In-Kind Contributions**

CAP Tulsa recognizes in-kind contributions for space, donated materials, and 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 \$53,344 and \$239,004 during 2020 and 2019. 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 \$21,476 and \$100,851 during 2020 and 2019, predominantly in the Head Start programs, which are not recorded on the consolidated statements of activities.

#### **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.

#### **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 to be fully collectible. Accordingly, no allowance for doubtful accounts has been established.

#### **Promises to Give**

Unconditional promises to give 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. Pledges and other 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 2020 or 2019.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Notes Receivable, Related Parties and Allowance for Doubtful Accounts**

Notes receivable, related parties include amounts from TCC at December 31, 2020 and 2019 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.

The Organizations analyze the notes and interest receivable and record 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.

A loan is considered impaired when, based on current information and events, it is probable that CAP Tulsa 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.

#### **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 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 \$349,563 and \$387,934 at December 31, 2020 and 2019.

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.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Property and Equipment Held for Sale**

Property and equipment held for sale at December 31, 2019 consisted of BHP property and equipment reported at net realizable value. This property and equipment were sold in 2020 for \$6,500,000, and no gain or loss on the sale was recognized on the consolidated statement of activities because the sales price equaled the carrying amount of the property and equipment that was sold.

#### **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.

NRC and BRC are taxable corporations. Income or loss is reported on their income tax returns. There were no taxes due or paid for the year ended December 31, 2019. 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. 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 30.53% and 27.23% of direct salaries and wages has been approved by the U.S. Department of Health and Human Services (DHHS) and applied in 2020 and 2019. 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. The provisional rate approved and applied in 2019 was updated and finalized by DHHS to be 30.53% (the 2020 provisional rate), however CAP Tulsa did not retroactively apply the finalized increased rates to 2019 grants that were previously closed since grant proceeds had already been fully spent.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **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 develop memory and language, self-control and judgment, 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 five early childhood school locations. Innovation Lab is embedded with 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 that benefit low-income families.

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 Development/Housing: Housing and related services are provided to income eligible individuals through subsidiaries and limited partnerships.

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 allocated based on time spent on specific purpose and grant activity. Telephone and facilities expenses are allocated based on percentage of full-time equivalent employees charged to a program. Copier, printing, and postage expenses are 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.

#### **Future Accounting Pronouncement**

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. The Organizations are currently evaluating the impact of the provisions of ASU Topic 842.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Reclassifications**

Certain revenue and functional expense classifications in the 2019 consolidated financial statements have been reclassified to conform with the 2020 presentation. There was no effect on net assets or the change in net assets.

#### **Subsequent Events**

Subsequent events have been evaluated through May 26, 2021, 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, 2020 and 2019 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 at December 31, 2020 and 2019 is as follows:

	2020	2019
Cash and cash equivalents	\$ 9,043,124	\$ 11,165,879
Accounts receivable	8,752,694	5,540,311
Current portion of promises to give	111,000	111,000
Escrow funds	12,998,228	13,185,602
Certificates of deposits and investments convertible to cash	27,060,022	18,090,187
Total financial assets at December 31	57,965,068	48,092,979
Less: Collateral included in financial assets	1,755,000	735,000
Less: Refundable advance liability	1,358,067	2,014,787
Less: Board designated operating reserve	15,435,761	15,240,467
Less: Board designated "quasi-endowment"	7,449,981	0
Less: Net assets with donor restrictions included in financial assets	12,927,570	14,145,404
Total available financial assets	\$ 19,038,689	\$ 15,957,321

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 16). 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:

	2020	2019
Money market funds	\$ 1,489,930	\$ 1,656,487
Certificates of deposit	1,192,917	192,985
U.S. treasury bills	2,304,129	8,315,085
Fixed income securities	8,011,252	3,021,045
Totals	\$ 12,998,228	\$ 13,185,602

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

### Note 5: Restricted Cash

Restricted cash consisted of the following as of December 31:

	2020	2019
Tenant security deposits	\$ 22,372	\$ 24,805
Replacement reserve	0	360,878
Escrow deposits	0	131,760
Operating reserve	0	369,671
Special purpose reserve	0	385,339
<b>Totals</b>	<b>\$ 22,372</b>	<b>\$ 1,272,453</b>

When the BHP property and equipment were sold, the restrictions on the reserves were released.

### 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:

	2020	2019
Mutual funds	\$ 25,077,272	\$17,144,610
Investments with Tulsa Community Foundation	227,750	210,577
<b>Totals</b>	<b>\$ 25,305,022</b>	<b>\$17,355,187</b>

The Organizations' total investment income for 2020 and 2019, was as follows:

	2020	2019
Interest and dividends	\$ 896,647	\$ 1,011,676
Interest on notes receivable, related parties	0	266,616
Realized and unrealized gains	1,828,473	1,628,200
Investment fees	(29,335)	(28,695)
<b>Totals</b>	<b>\$ 2,695,785</b>	<b>\$ 2,877,797</b>

### 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.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

### Note 7: Fair Value Measurements (Continued)

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

	2020			Total Assets at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Assets:				
Escrow money market funds	\$ 1,489,930	\$ 0	\$ 0	\$ 1,489,930
Escrow U.S. treasury bills	2,304,129	0	0	2,304,129
Escrow fixed income securities	8,011,252	0	0	8,011,252
Escrow certificates of deposit	1,192,917	0	0	1,192,917
Mutual funds	25,077,272	0	0	25,077,272
Investments with Tulsa Community Foundation	0	0	227,750	227,750
<b>Totals</b>	<b>\$ 38,075,500</b>	<b>\$ 0</b>	<b>\$ 227,750</b>	<b>\$ 38,303,250</b>

	2019			Total Assets at Fair Value
	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	
Assets:				
Escrow money market funds	\$ 1,656,487	\$ 0	\$ 0	\$ 1,656,487
Escrow U.S. treasury bills	8,315,085	0	0	8,315,085
Escrow fixed income securities	3,021,045	0	0	3,021,045
Escrow certificates of deposit	192,985	0	0	192,985
Mutual funds	17,144,610	0	0	17,144,610
Investments with Tulsa Community Foundation	0	0	210,577	210,577
<b>Totals</b>	<b>\$ 30,330,212</b>	<b>\$ 0</b>	<b>\$ 210,577</b>	<b>\$ 30,540,789</b>

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 2020 or 2019.



# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 8: Endowments**

CAP Tulsa's endowments consists 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.

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 at December 31, 2020 and 2019, was \$227,750 and \$210,577, respectively.

#### Board Designated Endowment

As described in Note 21, CAP Tulsa's governing board designated from net assets without donor restrictions, \$7,000,000 for a quasi-endowment in 2020. The fair value of the board designated endowment was \$7,449,981 at December 31, 2020.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

### Note 8: Endowments (Continued)

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, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated endowment	\$ 7,449,981	\$ 0	\$ 7,449,981
Investments with Tulsa Community Foundation	0	227,750	227,750
<b>Endowment investments</b>	<b>\$ 7,449,981</b>	<b>\$ 227,750</b>	<b>\$ 7,677,731</b>

The changes in CAP Tulsa's endowment investments for the year ended December 31, 2020 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at beginning	\$ 0	\$ 210,577	\$ 210,577
Establishment of board-designated quasi-endowment	7,000,000	0	7,000,000
Appreciation and investment income	449,981	17,173	467,154
<b>Balance at end</b>	<b>\$ 7,449,981</b>	<b>\$ 227,750</b>	<b>\$ 7,677,731</b>

CAP Tulsa's endowment balances were comprised of the following as of December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Investments with Tulsa Community Foundation	\$ 0	\$ 210,577	\$ 210,577

The changes in CAP Tulsa's endowment investments for the year ended December 31, 2019 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at beginning	\$ 0	\$ 185,055	\$ 185,055
Appreciation and investment income	0	25,522	25,522
<b>Balance at end</b>	<b>\$ 0</b>	<b>\$ 210,577</b>	<b>\$ 210,577</b>

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

### Note 9: Accounts Receivable

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

	2020	2019
Federal grants and contracts	\$ 4,513,348	\$ 3,444,295
State grants and contracts	4,004,859	1,889,046
Other grants and contracts	22,826	59,664
Accrued interest on certificates of deposit	200,076	91,460
Miscellaneous	11,585	55,846
<b>Accounts receivable</b>	<b>\$ 8,752,694</b>	<b>\$ 5,540,311</b>

### Note 10: Promise to Give

CAP Tulsa has an unconditional promise to give from a foundation in the amount of \$333,000 and \$444,000 at December 31, 2020 and 2019. 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, 2020 is as follows:

2021	\$	111,000
2022		111,000
2023		111,000
<b>Total</b>	<b>\$</b>	<b>333,000</b>

### Note 11: Notes Receivable, Related Parties

Notes receivable at December 31, consist of the following:

	2020	2019
<b>CAP Tulsa</b>		
Note receivable from TCC, with no interest, due June 1, 2031. Monthly payments of principal will begin on July 1, 2021 of \$33,613, through the remaining term of the note. The note is secured by a \$4,000,000 irrevocable letter of credit (See Note 23).	\$ 4,000,000	\$ 4,000,000
Note receivable from TCC, bearing interest at 1.0%, due February 1, 2036. Monthly payments of principal and interest will begin on March 1, 2021 of \$7,370, through the remaining term of the note. The note is secured by a \$1,231,462 irrevocable letter of credit (See Note 23).	1,231,462	0

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

### Note 11: Notes Receivable, Related Parties (Continued)

	2020	2019
<b>TCLF</b>		
Note receivable and interest receivable with BHP, with an interest rate of 7.05%, due January 1, 2035. Interest and principal payments were payable monthly. The note was secured by Brightwaters Housing Complex. This note was repaid in 2020.	0	3,741,534
Notes receivable, net	5,231,462	7,741,534
Elimination in consolidation	0	( 3,741,534)
Discount on notes receivable	( 921,657)	( 834,167)
Current portion	( 306,000)	0
<u>Notes receivable, long-term</u>	<u>\$ 4,003,805</u>	<u>\$ 3,165,833</u>

The TCLF note receivable from BHP was eliminated in consolidation for the year ended December 31, 2019. This note was repaid in 2020.

All of the loans receivable listed in Note 11 are from related parties and are considered in the related party loan class for evaluation purposes. 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 borrowers as troubled debt restructurings due to financial difficulties and has not individually evaluated certain loans for impairment. The allowance for doubtful accounts was \$0 as of December 31, 2020 and 2019.

### Note 12: Property and Equipment

The balance at December 31 consists of the following:

	2020	2019
Land	\$ 35,000	\$ 35,000
Building and improvements	10,985,759	10,985,759
Technology/website	666,267	663,338
Furniture/fixtures	755,081	755,081
Equipment	1,374,332	1,367,615
Subtotals	13,816,439	13,806,793
Accumulated depreciation	( 4,148,201)	( 3,194,583)
<u>Property and equipment, net</u>	<u>\$ 9,668,238</u>	<u>\$ 10,612,210</u>

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

### Note 12: Property and Equipment (Continued)

CAP Tulsa received a contribution of property valued at \$4,728,833 during the year ended December 31, 2019. The contributed property is included in building and improvements above and donations revenue on the consolidated statements of activities.

### Note 13: Notes Payable

The balance at December 31, consists of the following:

	2020	2019
Note payable to a family foundation bearing interest at 1.0%. Monthly payments of principal and interest will begin on March 1, 2021 of \$7,370, through February 1, 2036. The note is secured by a \$1,231,462 irrevocable letter of credit.	\$ 1,231,462	0
Note payable to a family foundation with no interest unless the loan is in default. No principal or interest payments until 2021. Monthly principal only payments of \$33,613 begin July 1, 2021 through May 31, 2031. The note is secured by a \$4,000,000 irrevocable letter of credit.	4,000,000	4,000,000
Total notes payable	\$ 5,231,462	\$ 4,000,000
Less: discount on notes payable	921,657	834,167
Less: current portion	306,000	0
<u>Long-term portion of notes payable</u>	<u>\$ 4,003,805</u>	<u>\$ 3,165,833</u>

Future maturities on notes payable at December 31, 2020 is as follows:

2021	\$ 306,000
2022	480,543
2023	481,319
2024	482,102
2025	482,892
Thereafter	2,998,606
<u>Total</u>	<u>\$ 5,231,462</u>

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%.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### Note 13: Notes Payable (Continued)

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.

### Note 14: 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 statement of financial position as due to funding source and are as follows:

	2020	2019
Due to funding source	\$ 1,070,052	\$ 1,070,052

The loan is secured by the properties at the NHP complex and is 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. When NHP repays the notes receivable, the funds will be returned to the City of Tulsa.

### Note 15: Refundable Advance Liability

Refundable advance liability 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.

Refundable advance liability consists of the following at December 31:

	2020	2019
State/local – Oklahoma Early Childhood Program match	\$ 1,083,327	\$ 1,839,557
State/local – Other	274,740	175,230
Total refundable advance liability	\$ 1,358,067	\$ 2,014,787

### Note 16: 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.

CAP Tulsa was notified that it is to re compete for its 2021 - 2022 Head Start and Early Head Start grants. It has submitted its competitive application and is awaiting a determination by the granting authorities. Loss of Head Start and Early Head Start funding would have a significant adverse impact on CAP Tulsa's operations.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### **Note 16: 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 at December 31, 2020 and 2019, are \$319,186 and \$388,187.

CAP Tulsa has a grant with the State of Oklahoma for the Oklahoma Early Childhood Program. As of December 31, 2020, the grant was for \$12,000,000 and required a \$18,000,000 private match. The grant is ongoing as of December 31, 2020 and the grant period ends June 30, 2021. CAP Tulsa believes that the match requirement will be met by the end of the grant year of June 30, 2021.

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 \$129,517 at December 31, 2020.

CAP Tulsa entered into agreements with service providers for the Healthcare Professional Opportunity Grant and Community Services Block Grant. The contracts were ongoing at the end of the year and CAP Tulsa had contract commitments of approximately \$1,405,653 at December 31, 2020.

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 TEI. CAP Tulsa's commitment to TEI as of December 31, 2020, is \$9,014,851.

### **Note 17: Operating Leases**

CAP Tulsa leases buildings and equipment for offices and operations under operating leases. Total building and equipment rental expense for the years ended December 31, 2020 and 2019, was \$1,070,570 and \$1,206,971. At December 31, 2020, future minimum lease payments are \$796,468 in 2021.

### **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, 2020 and 2019, was \$480,735 and \$444,028.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### 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. On December 31, 2020 and 2019, the self-insurance reserve balance was \$204,195 and \$437,918, which is the excess of the amounts withheld to pay for claims over actual claims incurred from inception to December 31, 2020. 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.

A liability is also maintained to fund the cost of claims incurred under the plan prior to December 31, 2020 and 2019 but paid after the end of each year. On December 31, 2020 and 2019, CAP Tulsa has recorded a liability of \$154,542 and \$91,137, which are reported net of refunds received in 2021 and 2020 for claims paid in 2020 and 2019 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:

	2020	2019
<u>Subject to expenditure for specified purpose:</u>		
Early childhood program – specified classroom operations	\$ 12,319,696	\$ 13,339,101
Management & General - headquarters office renovation	225,376	369,046
Operating costs at CAP Tulsa’s headquarters	333,000	444,000
Other purpose restrictions	43,748	115,680
<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	227,750	210,577
<u>Total net assets with donor restriction</u>	<u>\$ 13,149,570</u>	<u>\$ 14,478,404</u>

Net assets released from restriction are as follows:

	2020	2019
Early childhood program expenditures	\$ 1,178,533	2,264,079
Headquarters office renovation expenditures	143,670	701,316
Neighborhood Reinvestment funds released	0	803,544
Other purpose expenditures	226,397	0
<u>Total net assets released from restriction</u>	<u>\$ 1,548,600</u>	<u>\$ 3,768,939</u>



# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

### 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:

	2020	2019
Board designated – operating reserve	\$ 15,435,761	\$ 15,240,467
Board designated – endowment	7,449,981	0
Total board designated net assets	\$ 22,885,742	\$ 15,240,467

#### Operating reserve

CAP Tulsa's governing board has designated, from net assets without donor restrictions, \$15,435,761 and \$15,240,467 as of December 31, 2020 and 2019, 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:

	2020	2019
Balance at beginning	\$ 15,240,467	\$ 14,680,259
Approved change in operating reserve balance	195,294	560,208
Balance at end	\$ 15,435,761	\$ 15,240,467

#### 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.

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

	2020	2019
Balance at beginning	\$ 0	\$ 0
Establishment of board-designated quasi-endowment	7,000,000	0
Appreciation and investment income	449,981	0
Balance at end	\$ 7,449,981	\$ 0

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

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### Note 22: Income Taxes

Income tax expense consists of the following for BRC for the year ended December 31, 2020:

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Current tax provision:	
Federal	\$ 322,000
State	92,000
<hr/>	
Total income tax expense	\$ 414,000

There were no taxes due or paid for the years ended December 31, 2020 or 2019 for NRC or for the year ended December 31, 2019 for BRC.

### 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 2020 and 2019. CAP Tulsa's rental payments to TCC for space were \$1,023,770 and \$1,001,053 in 2020 and 2019.

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 at December 31, 2020 and 2019, is \$319,186 and \$388,187. 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. Another member of the Board of Directors is employed by Union Public Schools, which is a subgrantee of CAP Tulsa's Head Start/Early Head Start grant award. Subgrantee expense under this contract during the years ended December 31, 2020 and 2019 was \$857,953 and \$346,961.

### Note 24: Grant Awards

At December 31, 2020, CAP Tulsa had commitments under various grants of approximately \$12,902,000. Additionally, CAP Tulsa had commitments for funding under the federal Head Start program and the state grant award for the Oklahoma Early Childhood Program to subrecipients at December 31, 2020, of approximately \$2,720,000. These commitments are not recognized in the accompanying consolidated financial statements as they are conditional awards.

# Community Action Project of Tulsa County, Inc.

## Notes to Consolidated Financial Statements

### Note 25: Revenue Sources

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

	2020	2019
Department of Health and Human Services Federal Head Start	35%	33%
Oklahoma Early Childhood Program	22	21
Private foundation, Match to the Oklahoma Early Childhood Program and contributions	31	28

### Note 26: Acquisition of Assets

Effective December 13, 2019, BRC, a wholly owned subsidiary of CAP Tulsa and .01% general partner in BHP, acquired the limited partner's 99.99% interest for \$1. As BRC is consolidated with CAP Tulsa, the consolidated financial statements include 100% of the assets and liabilities of BHP. The Organization recognized the transaction as an acquisition of assets and recorded substantially all assets and liabilities of the existing project on December 31, 2019. Operations of the partnership from December 14, 2019 through December 31, 2019 were immaterial and were excluded from the 2019 consolidated financial statements. The operations of the partnership were included in the 2020 consolidated financial statements until the sale effective September 30, 2020.

The fair value of assets acquired and liabilities assumed of BHP were recorded at December 31, 2019 as follows:

Cash and reserves	\$ 1,597,095
Property and equipment, held for sale	6,500,000
Accounts receivable and prepaid expenses	119,578
Current liabilities	( 195,172)
Security deposit liability	( 18,254)
Notes payable and accrued interest	( 3,741,534)
Subtotal	4,261,713
Less: Investment in subsidiary	( 267,543)
Gain on acquisition of assets	\$ 3,994,170

BHP property and equipment were reported as held for sale and were sold to an unrelated third party on September 30, 2020.

### Note 27: Business Conditions

The COVID-19 pandemic, whose effects first became known in January 2020, is having an impact on commerce and financial markets around the world. The Organizations are closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of COVID-19. The extent of the impact of COVID-19 on the Organizations operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organizations customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organizations' future financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the future effects of this pandemic.

# **Supplementary Information**

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# Community Action Project of Tulsa County, Inc.

Schedule A-1

Schedule of Expenditures of Federal and Other Awards

Year Ended December 31, 2020

Federal Grantor/Pass-Through Number / Program Title	CFDA Number	Funding Source/ Pass-Through Entity	Pass-through to subrecipients	Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>				
Child and Adult Care Food Program DC-72-326	10.558	Oklahoma State Department of Education	\$ 0	\$ 542,203
<b>DEPARTMENT OF TREASURY</b>				
NeighborWorks Strategic Investment Fund	21.000	NeighborWorks America	50,000	50,000
NeighborWorks Network Supplemental Request		NeighborWorks America	25,000	41,263
NeighborWorks Expendable		NeighborWorks America	25,439	64,452
NeighborWorks NTI Travel Grant		NeighborWorks America	2,400	3,840
		<b>Total Federal Expenditures CFDA 21.000</b>	<b>102,839</b>	<b>159,555</b>
COVID-19 Coronavirus Relief Fund	21.019	Tulsa Economic Development Corporation	0	80,000
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Health Professional Opportunity Grant 90FX0045-05-00	93.093	U.S. Dept. of Health and Human Services	0	2,126,663
Preschool Development Grant Birth through Five (PDG B-5)	93.434	Oklahoma Partnership for School Readiness Foundation	0	26,709
Affordable Care Act Maternal, Infant and Early Childhood Home Visiting Program 3409020863	93.505	Oklahoma Department of Health	0	585,638
Community Service Block Grant CSBG 20	93.569	Oklahoma Department of Commerce	0	974,205
COVID-19 Community Service Block Grant CSBG-CR 20		Oklahoma Department of Commerce	9,994	28,176
		<b>Total Federal Expenditures CFDA 93.569</b>	<b>9,994</b>	<b>1,002,381</b>
<b>Head Start Cluster</b>				
Head Start/Early Head Start 06CH010305-05	93.600	U.S. Dept. of Health and Human Services	857,953	14,551,656
COVID-19 Head Start/Early Head Start 06CH010305-05		U.S. Dept. of Health and Human Services	0	1,375,334
Early Head Start CCP 06HP000065-03 and 06HP000065-04		U.S. Dept. of Health and Human Services	0	2,627,534
COVID-19 Early Head Start CCP 06HP000065-03		U.S. Dept. of Health and Human Services	0	89,479
			857,953	18,644,003
Early Head Start CCP - Reed	93.600	Tulsa Educare	0	969,759
		<b>Total Federal Expenditures Head Start Cluster CFDA 93.600</b>	<b>857,953</b>	<b>19,613,762</b>
		<b>Total Department of Health and Human Services Expenditures</b>	<b>867,947</b>	<b>23,355,153</b>
<b>TOTAL FEDERAL EXPENDITURES</b>			<b>\$ 970,786</b>	<b>\$ 24,136,911</b>
<b>STATE AND LOCAL PROGRAMS</b>				
Administrative		Anne & Henry Zarrow Foundation	\$ 0	\$ 70,649
Administrative		Oklahoma Department of Commerce	0	43,127
Administrative		George Kaiser Family Foundation/BEST	0	2,263
Administrative		Tulsa Regional Chamber of Commerce	0	500
Administrative		The Sharna and Irvin Frank Foundation	0	10,000
Early Childhood Programs - Early Head Start		American Airlines Inc	0	876
Early Childhood Programs - Early Head Start		Anne & Henry Zarrow Foundation	0	74,475
Early Childhood Programs - Early Head Start		Blue Cross Blue Shield of Oklahoma	0	6,000
Early Childhood Programs - Early Head Start		Cherokee Nation	0	20,000
Early Childhood Programs - Early Head Start		Children's Medical Charities Association	0	1,828
Early Childhood Programs - Early Head Start		Founders of Doctors' Hospital Inc	0	5,683
Early Childhood Programs - Early Head Start		Flint Family Foundation	0	5,000
Early Childhood Programs - Early Head Start		FIS Listen for Good Project	0	2,698

# Community Action Project of Tulsa County, Inc.

Schedule A-2

Schedule of Expenditures of Federal and Other Awards (Continued)

Year Ended December 31, 2020

Federal Grantor/Pass-Through Number / Program Title	Funding Source/ Pass-Through Entity	Pass-through to subrecipients	Expenditures
<b>STATE AND LOCAL PROGRAMS (CONTINUED)</b>			
Early Childhood Programs - Early Head Start	Gelvin Foundation	0	3,500
Early Childhood Programs - Early Head Start	George Kaiser Family Foundation Emergency Relief Funds	0	75,000
Early Childhood Programs - Early Head Start	George Kaiser Family Foundation	9,612	617,077
Early Childhood Programs - Early Head Start	Kaleidoscope Foundation	0	1,750
Early Childhood Programs - Early Head Start	Oklahoma Partnership for School Readiness	0	9,625
Early Childhood Programs - Early Head Start	Potts Family Foundation	0	1,541
Early Childhood Programs - Early Head Start	Stranahan Foundation	0	5,000
Early Childhood Programs - Early Head Start	Telligen Community Initiative	0	13,629
Early Childhood Programs - Early Head Start	Wal Mart Community Fund	0	500
Early Childhood Programs - Early Head Start	Williams Foundation	0	5,000
Early Childhood Programs - Early Head Start	Oklahoma Department of Commerce	0	214,633
Early Childhood Programs - Early Head Start	Tulsa Area United Way	0	358,297
Early Childhood Programs - Oklahoma Early Childhood Program	George Kaiser Family Foundation	4,746,404	17,219,354
Early Childhood Programs - Oklahoma Early Childhood Program	Oklahoma State Department of Education	4,391,043	12,368,315
Family Advancement - Career Advance & Educational Pathways	Anne & Henry Zarrow Foundation	0	6,072
Family Advancement - Career Advance & Educational Pathways	Annie E Casey Foundation	0	12,486
Family Advancement - Career Advance & Educational Pathways	Bank of the West	0	6,612
Family Advancement - Career Advance & Educational Pathways	BOK Foundation	0	7,149
Family Advancement - Career Advance & Educational Pathways	Lobeck Taylor Foundation	0	15,000
Family Advancement - Career Advance & Educational Pathways	Schusterman Family Foundation	0	56,235
Family Advancement - Career Advance & Educational Pathways	Tulsa Area United Way	0	43,782
Family Advancement - Career Advance & Educational Pathways	William K. Warren Foundation	0	5,000
Family Advancement - ESL	Anne & Henry Zarrow Foundation	0	38,123
Family Advancement - ESL	Dollar General Foundation	0	10,000
Family Advancement - ESL	Grace & Franklin Bernsen Foundation	0	10,000
Family Advancement - ESL	Potts Family Foundation	0	5,000
Family Advancement - ESL	Schusterman Family Foundation	0	177,613
Family Advancement - ESL	Tulsa Area United Way	0	250,088
Family Advancement - ESL	Williams Foundation	0	5,000
Family Advancement - Family Engagement	Tulsa Area United Way	0	4,350
Family Advancement - Research and Innovation	Anne & Henry Zarrow Foundation	0	1,107
Family Advancement - Research and Innovation	Schusterman Family Foundation	0	16,152
Family Advancement - Research and Innovation	Tulsa Area United Way	0	2,377
<b>TOTAL STATE &amp; LOCAL EXPENDITURES</b>		<b>9,147,059</b>	<b>31,808,466</b>
<b>TOTAL GRANTS AND CONTRACTS EXPENDITURES</b>		<b>\$ 10,117,845</b>	<b>55,945,377</b>

## 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, 2020. 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, 2020

Federal/State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Grant Expenditures in Prior Audit Period	Unspent Grant Award at 01/01/2020	Contract Receipts or Revenue Recognized	Contract Disburse/Expenditures	Interest Earned Federal Funds	Match Receipts or Revenue Recog.	Match Disburse/Expend.	Cash/ Accrued or (Deferred) Revenue at 12/31/2020
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>											
Pass-through Agency											
Oklahoma Department of Commerce											
Community Service Block Grant	CSBG 19	93.569	17426	\$ 928,972	\$ 928,972	\$ 0	\$ 0	\$ 209,124	\$ 0	\$ 0	\$ 0
Community Service Block Grant	CSBG 20	93.569	17741	974,205	0	974,205	974,205	582,210	0	0	391,995
COVID-19 Community Service Block Grant	CSBG-CR 20	93.569	17870	1,379,586	0	0	28,176	0	0	0	28,176
				<b>\$ 3,282,763</b>	<b>\$ 928,972</b>	<b>\$ 974,205</b>	<b>\$ 1,002,381</b>	<b>\$ 791,334</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 420,171</b>
<b>STATE PROGRAMS</b>											
State of Oklahoma											
Pass-through Agency											
Oklahoma Department of Commerce											
State Appropriated Funds											
	SAF/CAA-HS-20	N/A	17598	\$ 199,006	\$ 99,503	\$ 99,503	\$ 99,503	\$ 99,503	\$ 0	\$ 0	\$ 0
	SAF/CAA-HS-21	N/A	17593	230,260	0	230,260	115,130	76,753	0	0	38,377
	SAF/CAA-20	N/A	17597	44,007	22,003	22,004	22,004	22,004	0	0	0
	SAF/CAA-21	N/A	17592	42,247	0	42,247	21,123	17,603	0	0	3,520
				<b>\$ 515,520</b>	<b>\$ 121,506</b>	<b>\$ 394,014</b>	<b>\$ 257,760</b>	<b>\$ 215,863</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 41,897</b>

## **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

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, 2020, 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 May 26, 2021. 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.

### **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 may exist that have not been identified.



## **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.

*Wipfli LLP*

Wipfli LLP

May 26, 2021

Green Bay, Wisconsin

## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance**

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

### **Report on Compliance for Each Major Federal Program**

We have audited Community Action Project of Tulsa County, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (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, 2020. 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.

### **Management's Responsibility for Compliance**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Community Action Project of Tulsa County, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Action Project of Tulsa County, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Community Action Project of Tulsa County, Inc.'s compliance.

### **Opinion**

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, 2020.

### **Other Matters**

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

## **Other Matters (continued)**

Community Action Project of Tulsa County, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Action Project of Tulsa County, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of Community Action Project of Tulsa County, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Action Project of Tulsa County, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Action Project of Tulsa County, Inc.'s 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 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Community Action Project of Tulsa County, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Action Project of Tulsa County, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

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

May 26, 2021  
Green Bay, Wisconsin

# Community Action Project of Tulsa County, Inc.

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2020

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## 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?	No
Noncompliance material to financial statements noted?	No

### Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
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)]?	Yes
Identification of major federal programs:	
<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
Affordable Care Act Health Professional Opportunity Grant	93.093
Head Start Cluster	93.600
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

## Section II - Financial Statement Findings

None

# Community Action Project of Tulsa County, Inc.

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2020

## Section III - Federal and State Award Findings and Questioned Costs

### 2020-001 – Federal Funding Accountability and Transparency Act Reporting

Department of Health and Human Services CFDA # 93.600 Head Start

Federal Grantor/  
Pass-Through Grantor

Grant Number

Grant Period

U.S. Department of Health and Human Services

06CH010305-05

01/01/20 – 12/31/20

**Questioned Costs:** None

**How were questioned costs computed:** Not applicable

**Condition:** Community Action Project of Tulsa County, Inc. did not report subaward data through the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) in a timely manner. The required reporting was completed during the audit.

The following is a summary of the results of audit testing for compliance with this requirement:

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
1	0	1	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$902,387	\$0	\$902,387	\$0	\$0

**Criteria:** The Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act) that are codified in 2 CFR Part 170 requires subaward actions be reported in FSRS no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made.

**Cause:** Management was unaware of the Transparency Act reporting requirements when Community Action Project of Tulsa County, Inc. made subgrant awards and did not complete the required reporting in a timely manner. The required Transparency Act reporting was completed once management became aware of the requirements.

**Effect:** Because of the above conditions, Community Action Project of Tulsa County, Inc. was not in compliance with this compliance requirement and a significant deficiency in internal control over compliance exists.

**Recommendation:** We recommend that Community Action Project of Tulsa County, Inc. establish procedures to ensure it is aware of all terms and conditions of its grant awards and file required reports in a timely manner.

# Community Action Project of Tulsa County, Inc.

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2020

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## **Section III - Federal and State Award Findings and Questioned Costs (Continued)**

### **2020-001 – Federal Funding Accountability and Transparency Act Reporting (Continued)**

**View of Responsible Officials:** Management agrees with the assessment and has committed to a corrective action plan.

## **Section IV - Summary Schedule of Prior Year Findings**

### **Finding 2019-001: Revenue Recognition for Grants and Contributions**

**Current Status:** Management implemented procedures to provide internal control over revenue recognition for contributions such that all transactions are recorded in accordance with GAAP. The finding has been resolved.

### **Finding 2019-002: Real Property Reports and Notice of Federal Interest**

**Current Status:** Management has submitted the required reporting. The finding has been resolved.