Financial Statements

TULSA LAWYERS FOR CHILDREN, INC.

December 31, 2015 and 2014

TULSA LAWYERS FOR CHILDREN, INC.

INDEPENDENT AUDITOR'S REPORT

and

FINANCIAL STATEMENTS

December 31, 2015 and 2014

TULSA LAWYERS FOR CHILDREN, INC.

December 31, 2015 and 2014

T A B L E O F C O N T E N T S

Briscoe, Burke & Grigsby LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tulsa Lawyers for Children, Inc.
Tulsa, Oklahoma

We have audited the accompanying financial statements of Tulsa Lawyers for Children, Inc. (an Oklahoma not-for-profit corporation), which comprise the statements of financial position as of December 31, 2015, and the related statements of activities, and cash flows, and schedule of functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tulsa Lawyers for Children, Inc., as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Tulsa Lawyers for Children, Inc.'s 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 4, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Briscoe, Burke & Grigsby LLP

Certified Public Accountants

August 22, 2016
Tulsa, Oklahoma

TULSA LAWYERS CHILDREN FOR CHILDREN, INC.

Statements of Financial Position

December 31, 2015 and 2014

ASSETS	2015	2014
Cash and cash equivalents	$ 118,728	$ 67,319
Grants receivable	50,000	75,000
TOTAL ASSETS	**$ 168,728**	**$ 142,319**

LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,541	$ 6,169
Total current liabilities	**1,541**	**6,169**
Net assets:		
Unrestricted	117,187	31,150
Temporarily restricted	50,000	105,000
Total net assets	**167,187**	**136,150**
TOTAL LIABILITIES and NET ASSETS	**$ 168,728**	**$ 142,319**

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

TULSA LAWYERS CHILDREN FOR CHILDREN, INC.

Statements of Activities and Changes in Net Assets

For the Years Ended December 31, 2015 and 2014

	Unrestricted	Temporarily Restricted	Total All Funds 2015	Total All Funds 2014
Revenue				
Grants and contributions	$ 266,255	$ -	$ 266,255	$ 218,274
Contributions in-kind	615,720	-	615,720	486,569
Other income	-	-	-	355
Net assets released from restrictions	55,000	(55,000)	-	-
Total revenue	**936,975**	**(55,000)**	**881,975**	**705,198**
Expenses				
Program services	687,730	-	687,730	563,580
Management and general	69,227	-	69,227	27,645
Fundraising	93,981	-	93,981	68,343
Total expenses	**850,938**	**-**	**850,938**	**659,568**
Change in net assets	**86,037**	**(55,000)**	**31,037**	**45,630**
Net assets - beginning of year	31,150	105,000	136,150	90,520
Net assets - end of year	**$ 117,187**	**$ 50,000**	**$ 167,187**	**$ 136,150**

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

TULSA LAWYERS CHILDREN FOR CHILDREN, INC.

Statements of Cash Flows

December 31, 2015 and 2014

	2015	2014
Increase (decrease) in net assets	$ 31,037	$ 45,630
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in grants receivable	25,000	(25,000)
Decrease in accounts payable and accrued liabilities	(4,628)	(430)
Net cash provided by operating activities	51,409	20,200
Net increase in cash and cash equivalents	51,409	20,200
Cash and cash equivalents at beginning of year	67,319	47,119
Cash and cash equivalents at end of year	$ 118,728	$ 67,319
Supplemental cash flows data:		
In kind contributions of salaries and wages	$ 615,720	$ 486,569

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

TULSA LAWYERS CHILDREN FOR CHILDREN, INC.

Schedule of Functional Expenses

December 31, 2015 and 2014

	Program Services	Management and General	Fundraising	2015 Total	2014 Total
Salaries and wages in kind	$ 615,720	$ -	$ -	$ 615,720	$ 486,569
Salaries and wages	62,646	33,612	61,828	158,086	124,637
Insurance	1,967	1,456	511	3,934	2,827
Professional fees	-	8,074	-	8,074	6,483
Rent	-	10,640	-	10,640	2,400
Telephone/website	857	634	223	1,714	2,116
Training materials	2,181	-	-	2,181	87
Dues and subscriptions	233	172	60	465	395
Penalty	-	-	-	-	254
Supplies	2,260	13,028	1,995	17,283	989
Postage and shipping	166	123	43	332	607
Taxes	-	230	-	230	130
Public awareness	1,585	1,173	412	3,170	702
Fundraising & event planning	-	-	28,879	28,879	30,602
Miscellaneous	115	85	30	230	770
Total functional expenses	$ 687,730	$ 69,227	$ 93,981	$ 850,938	$ 659,568

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

TULSA LAWYERS FOR CHILDREN, INC.

Notes to Financial Statements

December 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Tulsa Lawyers for Children, Inc. ("the Organization") is an Oklahoma not-for-profit corporation formed to ensure effective legal representation of abused and neglected children in Tulsa County by recruiting, training and assisting volunteer attorneys. The children represented by these volunteer attorneys are in the custody of the Oklahoma Department of Human Services. The Organization's core program goals are to accept court appointments to represent children in conflict of interest cases and to assure that volunteer attorneys representing children have the professional skill and competence required to practice in such cases.

Basis of Accounting

The Organization's financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an original maturity of three months of less to be cash equivalents.

Contributions

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Functional Expenses

Expenses have been classified by specific functions where ascertainable. Those expenses which cannot be specifically identified by function type have been allocated to functions based upon management's best estimate of usage.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is exempt from Federal income tax under Internal Revenue Code Section 501(c)(3). As such, the Organization is not required to pay Federal income taxes. The Organization is required to file annual information tax returns.

Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. As of December 31, 2015, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Net Assets

The net assets of the Organization are classified and reported as follows:

- Unrestricted net assets – The portion of net assets that is neither permanently nor temporarily restricted by donor-imposed restrictions.
- Temporarily restricted net assets – The portion of net assets resulting from contributions whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by the actions of the Organization.
- Permanently restricted net assets – The portion of net assets resulting from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the actions of the Organizations and from reclassifications from (or to) other classes of net assets as a consequence of donor-imposed restrictions.

2. CONTRIBUTED SERVICES

Contributed services are recognized as contributions if the services, (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchase by the Organization. For the year ended December 31, 2015 and 2014, contributed services that met the above criteria were recorded as contributions in the amount of $615,720 and $486,569, respectively. The contributed services were legal representation provided by volunteer attorneys to children in the custody of the Department of Human Services.

TULSA LAWYERS FOR CHILDREN, INC.

Notes to Financial Statements

December 31, 2015 and 2014

3. GRANTS RECEIVABLE

Grants receivable are summarized as follows as of December 31, 2015 and 2014:

	2015	2014
Oklahoma Bar Foundation	$ -	$ 25,000
H.A. & Mary K. Chapman Charitable Trust	50,000	50,000
Total Grants Receivable	$ 50,000	$ 75,000

4. ALLOCATION OF JOINT COSTS

The Organization incurred joint costs of $93,245 and $134,323 in 2015 and 2014, respectively, for program services and management and general expense that included a component of fundraising appeals. The joint costs were allocated as follows:

	2015	2014
Program services	$ 46,622	$ 71,224
Management and general	34,501	25,588
Fundraising	12,122	37,511
Total allocation of joint costs	$ 93,245	$ 134,323

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31, 2015 and 2014:

	2015	2014
Restricted for educational booklets	-	5,000
Restricted for future operations	50,000	100,000
Total temporarily restricted net assets	$ 50,000	$ 105,000

6. CONCENTRATION OF FUNDING SOURCES

For the years ended December 31, 2015 and 2014, ten grants provided in the amounts of $209,172 and ten grants in the amount of $170,250, approximately 22% and 24%, respectively, of the Organization’s total support and revenue.

7. OPERATING LEASE

The Organization rented its office space under a verbal month-to-month lease agreement with a local church through February 2016. In February 2016, client signed a lease to rent new office space. Total rent expense recorded for the years ended December 31, 2015 and 2014, was $10,640 and $2,400, respectively. No additional contribution or expense has been recorded for the use of the office space and related utility costs.

8. FUNDS HELD IN TRUST BY OTHERS

During 2007, the Tulsa Community Foundation (the “Foundation”) established the Tulsa Lawyers for Children Fund (the “Fund”) with third-party contributions. The Organization may request grants from the Fund for specific projects or in the event of unusual circumstances of need or opportunity as deemed by its Board of Directors and the Foundation may grant such requests if it concludes that such distributions are neither unreasonable nor inconsistent with the charitable purposes of the Foundation and the Organizations. However, because the Foundation has variance power, which affords its governing board the unilateral right to distribute the earnings to another organization, the net assets of the Fund are not included in the Organization’s statement of financial position. Funds held by the Tulsa Community Foundation for the years ended December 31, 2015 and 2014, was $5,147 and $5,147, respectively.

9. SUBSEQUENT EVENTS

In preparing these financial statements management has evaluated and disclosed all material subsequent events through August 22, 2016, which is the date these statements were available to be issued.

August 22, 2016

To the Board of Directors
Tulsa Lawyers for Children, Inc.

We have audited the financial statements of Tulsa Lawyers for Children, Inc. for the year ended December 31, 2015, and have issued our report thereon dated August 22, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 2, 2016.

SIGNIFICANT AUDIT FINDINGS:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tulsa Lawyers for Children, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended December 31, 2015. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions that have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We did not identify any sensitive estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures affecting the financial statements. The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. Attachment A summarizes the corrected misstatements detected as a result of audit procedures that were corrected by management. The adjustments recorded were expected by management and do not constitute a deficiency in internal control.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 22, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Tulsa Lawyers for Children, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

If you have any questions regarding the above, please do not hesitate to contact us at your convenience.

Briscoe, Burke & Grigsby LLP
Certified Public Accountants

August 22, 2016
Tulsa, Oklahoma

Client:	***TLFC - Tulsa Lawyers for Children***	**Attachment A**
Engagement:	***Tulsa Lawyers for Children***	
Period Ending:	***12/31/2015***	
Trial Balance:	***103TB - Annual Trial Balance - 2 Year***	
Workpaper:	***103 AJE - Adjusting Journal Entries Report***	

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 101		**1050**		
<To book unrecorded liabilities for the year then ended 12/31/2015.>				
6100	6100 Payroll Expenses		3,567.69	
2000	2000 Payroll Liabilities			3,567.69
Total			**3,567.69**	**3,567.69**
Adjusting Journal Entries JE # 102				
<To record release of restrictions for the year then ended 12/31/2015.>				
3150	3150 TRNA		55,000.00	
4000	4000 Contributions			5,000.00
4012	Grants & Events:4012 Oklahoma Bar Foundation			25,000.00
4014	Chapman Trust			25,000.00
Total			**55,000.00**	**55,000.00**
Adjusting Journal Entries JE # 103				
<To adjust income and receivable balances for Oklahoma Bar Foundation grant.>				
4012	Grants & Events:4012 Oklahoma Bar Foundation		12,500.00	
1200	1200 Accts Recvble/Unernd Grnts			12,500.00
Total			**12,500.00**	**12,500.00**
Adjusting Journal Entries JE # 104				
<To book an entry from prior year to roll equity forward.>				
3000	3000 Retained Earnings		3,303.93	
6100	6100 Payroll Expenses			3,303.93
Total			**3,303.93**	**3,303.93**
Adjusting Journal Entries JE # 105		**1301**		
<To ajust temporarily restricted net assets that were recorded in unrestricted net assets.>				
3000	3000 Retained Earnings		15,000.00	
3100	3100 TCF - TRNA			15,000.00
Total			**15,000.00**	**15,000.00**

Briscoe, Burke & Grigsby LLP
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Tulsa Lawyers for Children, Inc.

In planning and performing our audit of the financial statements of Tulsa Lawyers for Children, Inc. as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered Tulsa Lawyers for Children, 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or 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. We consider the following deficiency in Tulsa Lawyers for Children, Inc.'s internal control to be a significant deficiency:

- Segregation of Duties

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Briscoe, Burke & Grigsby LLP

Certified Public Accountants

August 22, 2016
Tulsa, Oklahoma

APPENDIX I – SIGNIFICANT DEFICIENCY

Segregation of Duties

Observation – Internal controls are designed to safeguard assets and to help prevent or detect losses from employee dishonesty or error. A fundamental concept in an effective system of internal control is the segregation of duties. Typically, a single individual should not be responsible for performing duties related to recording, approving and authorizing transactions. There is an inherent limitation in internal control at Tulsa Lawyers for Children, Inc. due to the limited number of staff.

Recommendation – A mitigating control is the personal involvement of members of the Board of Directors. We recommend the continued involvement of such parties, including detail reviews and analysis of internal financial data.