

*Financial Statements*

**TULSA LAWYERS FOR CHILDREN, INC.**

December 31, 2022 and 2021

**TULSA LAWYERS FOR CHILDREN, INC.**

INDEPENDENT AUDITOR'S REPORT

and

FINANCIAL STATEMENTS

*December 31, 2022 and 2021*

**TULSA LAWYERS FOR CHILDREN, INC.**

*December 31, 2022 and 2021*

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**Briscoe, Burke & Grigsby LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements**

***Opinion***

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, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows, and schedule of functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tulsa Lawyers for Children, Inc. as of December 31, 2022 and 2021, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tulsa Lawyers for Children, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tulsa Lawyers for Children, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tulsa Lawyers for Children, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tulsa Lawyers for Children, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



Certified Public Accountants

October 27, 2023  
Tulsa, Oklahoma

# TULSA LAWYERS FOR CHILDREN, INC.

## Statements of Activities and Changes in Net Assets

*For the Year Ended December 31, 2022*

ASSETS	2022	2021
<b>Current Assets:</b>		
Cash	\$ 259,014	\$ 273,102
Contributions receivable (Note 3)	41,146	28,047
Prepaid expenses	5,390	4,742
<b>Total current assets</b>	<b>305,550</b>	<b>305,891</b>
<b>Other Assets:</b>		
Funds held by third party (Note 9)	36,155	42,523
Operating lease right-of-use asset, net (Note 8)	145,748	-
<b>Total other assets</b>	<b>181,903</b>	<b>42,523</b>
<b>TOTAL ASSETS</b>	<b>\$ 487,453</b>	<b>\$ 348,414</b>
<b>LIABILITIES and NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 6,073	\$ 6,453
Operating lease liabilities, current (Note 8)	28,306	-
<b>Total current liabilities</b>	<b>34,379</b>	<b>6,453</b>
<b>Non-current liabilities:</b>		
Operating lease liabilities	117,442	-
<b>Total liabilities</b>	<b>151,821</b>	<b>6,453</b>
<b>Net Assets:</b>		
Without donor restrictions	285,632	288,961
With donor restrictions (Note 5)	50,000	53,000
<b>Total net assets</b>	<b>335,632</b>	<b>341,961</b>
<b>TOTAL LIABILITIES and NET ASSETS</b>	<b>\$ 487,453</b>	<b>\$ 348,414</b>

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

# TULSA LAWYERS FOR CHILDREN, INC.

## Statements of Activities and Changes in Net Assets

*For the Year Ended December 31, 2022*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total All Funds 2022</u>
<b>Revenue:</b>			
Grants and contributions	\$ 307,001	\$ 50,000	\$ 357,001
Contributions in-kind	71,021	-	71,021
Training income	23,295	-	23,295
Other income	(6,275)	-	(6,275)
Special event income	3,496	-	3,496
Interest income	82	-	82
Net assets released from restrictions	53,000	(53,000)	-
<b>Total revenue</b>	<b>451,620</b>	<b>(3,000)</b>	<b>448,620</b>
<b>Expenses:</b>			
Program services	355,417	-	355,417
Management and general	86,516	-	86,516
Fundraising	13,016	-	13,016
<b>Total expenses</b>	<b>454,949</b>	<b>-</b>	<b>454,949</b>
<b>Change in net assets</b>	<b>(3,329)</b>	<b>(3,000)</b>	<b>(6,329)</b>
Net assets - beginning of year	288,961	53,000	341,961
<b>Net assets - end of year</b>	<b>\$ 285,632</b>	<b>\$ 50,000</b>	<b>\$ 335,632</b>

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

# TULSA LAWYERS FOR CHILDREN, INC.

## Statements of Activities and Changes in Net Assets

*For the Year Ended December 31, 2021*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total All Funds 2021</u>
<b>Revenue:</b>			
Grants and contributions	\$ 322,112	\$ 56,000	\$ 378,112
Contributions in-kind	100,403	-	100,403
Other income	2,573	-	2,573
PPP loan proceeds	42,870	-	42,870
Net assets released from restrictions	<u>78,000</u>	<u>(78,000)</u>	<u>-</u>
<b>Total revenue</b>	<b><u>545,958</u></b>	<b><u>(22,000)</u></b>	<b><u>523,958</u></b>
<b>Expenses:</b>			
Program services	358,294	-	358,294
Management and general	73,890	-	73,890
Fundraising	<u>9,933</u>	<u>-</u>	<u>9,933</u>
<b>Total expenses</b>	<b><u>442,117</u></b>	<b><u>-</u></b>	<b><u>442,117</u></b>
<b>Change in net assets</b>	<b>103,841</b>	<b>(22,000)</b>	<b>81,841</b>
Net assets - beginning of year	<u>185,120</u>	<u>75,000</u>	<u>260,120</u>
<b>Net assets - end of year</b>	<b><u>\$ 288,961</u></b>	<b><u>\$ 53,000</u></b>	<b><u>\$ 341,961</u></b>

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

# TULSA LAWYERS FOR CHILDREN, INC.

## Statements of Cash Flows

*For the Years Ended December 31, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
Change in net assets	\$ (6,329)	\$ 81,841
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
<b>Items not providing cash:</b>		
Unrealized gain on funds held by third party	6,368	(1,980)
PPP loan forgiveness	-	(42,870)
<b>Changes in:</b>		
Contributions receivable	(13,099)	(3,047)
Prepaid expenses	(648)	(671)
Accounts payable and accrued expenses	(380)	6,453
<b>Net cash from operating activities</b>	<b><u>(14,088)</u></b>	<b><u>39,726</u></b>
<b>Cash flows from financing activities:</b>		
PPP loan proceeds	-	42,870
<b>Net cash from financing activities</b>	<b><u>-</u></b>	<b><u>42,870</u></b>
<b>Net change in cash</b>	<b>(14,088)</b>	<b>82,596</b>
Cash at beginning of year	<u>273,102</u>	<u>190,506</u>
<b>Cash at end of year</b>	<b><u>\$ 259,014</u></b>	<b><u>\$ 273,102</u></b>
<b>Supplemental cash flows data:</b>		
In kind contributions of salaries and wages	<u>\$ 71,021</u>	<u>\$ 100,403</u>

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

## TULSA LAWYERS FOR CHILDREN, INC.

### Schedule of Functional Expenses

*December 31, 2022 and 2021*

	<b>2022</b>			
	Program Services	Management and General	Fundraising	Total
Salaries and wages in kind	\$ 65,250	\$ 5,771	\$ -	\$ 71,021
Salaries and wages	207,374	50,131	3,354	260,859
Insurance	28,113	9,461	421	37,995
Professional fees	2,729	6,502	1,500	10,731
Rent	19,458	3,107	193	22,758
Travel	13,234	-	-	13,234
Telephone/website	4,501	763	49	5,313
Training materials	2,760	-	-	2,760
Dues and subscriptions	1,873	-	-	1,873
Information technology	3,496	1,714	548	5,758
Supplies	5,893	7,023	-	12,916
Postage and shipping	-	259	-	259
Fundraising & event planning	-	1,785	6,951	8,736
Miscellaneous	736	-	-	736
<b>Total functional expenses</b>	<b>\$ 355,417</b>	<b>\$ 86,516</b>	<b>\$ 13,016</b>	<b>\$ 454,949</b>

	<b>2021</b>			
	Program Services	Management and General	Fundraising	Total
Salaries and wages in kind	\$ 97,428	\$ 2,975	\$ -	\$ 100,403
Salaries and wages	185,339	41,447	4,454	231,240
Insurance	23,554	10,733	584	34,871
Professional fees	4,292	11,752	1,696	17,740
Rent	15,480	2,570	269	18,319
Travel	9,360	-	-	9,360
Telephone/website	3,911	1,268	106	5,285
Training materials	2,960	-	-	2,960
Dues and subscriptions	2,121	-	-	2,121
Information technology	1,823	591	49	2,463
Supplies	7,319	2,374	198	9,891
Postage and shipping	555	180	15	750
Fundraising & event planning	-	-	2,562	2,562
Miscellaneous	4,152	-	-	4,152
<b>Total functional expenses</b>	<b>\$ 358,294</b>	<b>\$ 73,890</b>	<b>\$ 9,933</b>	<b>\$ 442,117</b>

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

# TULSA LAWYERS FOR CHILDREN, INC.

Notes to Financial Statements

*December 31, 2022 and 2021*

## 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 or less to be cash equivalents.

### **Contributions**

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### **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.

# TULSA LAWYERS FOR CHILDREN, INC.

Notes to Financial Statements

*December 31, 2022 and 2021*

## 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, 2022, 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:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
- Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

### **Concentrations of Credit Risk**

The Organization maintains deposits in a financial institution that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

# TULSA LAWYERS FOR CHILDREN, INC.

Notes to Financial Statements

*December 31, 2022 and 2021*

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### **Fair Value Measurement**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets.
- Quoted prices for identical or similar assets in non-active markets.
- Inputs other than quoted prices that are observable for the asset/liability.
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

### **Revenue and Revenue Recognition**

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 – Revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

# TULSA LAWYERS FOR CHILDREN, INC.

Notes to Financial Statements

*December 31, 2022 and 2021*

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New Accounting Standards - In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet.

The Organization elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Organization's balance sheet but did not have a material impact on the statements of activities and changes in net assets. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. ASC 842 requires the Organization to transition to the new standards using a modified retrospective method. This method will allow the Organization to apply the cumulative adjustment to be made on the initial date of application. Of the modified retrospective methods available, the Organization chose to apply the effective method, which is to apply the new lease standard as of the effective date of January 1, 2022, where the comparative period is presented under ASC 840, the previous lease standard. No cumulative effect adjustment to beginning net assets was required when transitioning to the new lease standard.

## **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 purchased by the Organization. For the years ended December 31, 2022 and 2021, contributed services that met the above criteria were recorded as contributions in the amount of \$71,021 and \$100,403, respectively. The contributed services were legal representation provided by volunteer attorneys to children in the custody of the Department of Human Services and bookkeeping services provided by a volunteer CPA.

# TULSA LAWYERS FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2022 and 2021

### 3. CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
QuikTrip Corporation	\$ 25,000	\$ -
Commonwealth Foundation	10,000	10,000
Flint Family Foundation	-	10,000
Gable Gotwals	-	5,000
Judith & Jean Pape Adams Foundation	-	1,000
Individual Donations	6,146	2,047
<b>Total Contributions Receivable</b>	<b><u>\$ 41,146</u></b>	<b><u>\$ 28,047</u></b>

### 4. ALLOCATION OF JOINT COSTS

The Organization incurred joint costs of \$343,414 and \$320,561 in 2022 and 2021, respectively, for program services and management and general expense that included a component of fundraising appeals. The expenses are allocated based on the client's time and effort spent on each function and are determined by management on an equitable basis. The joint costs were allocated as follows:

	<u>2022</u>	<u>2021</u>
Program services	\$ 265,670	\$ 242,274
Management and general	71,678	70,916
Fundraising	6,066	7,371
<b>Total allocation of joint costs</b>	<b><u>\$ 343,414</u></b>	<b><u>\$ 320,561</u></b>

### 5. NET ASSETS

Net assets with donor restrictions are available for the following purposes as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Restricted for future period	\$ 50,000	\$ 50,000
Restricted for safe space in office for children	-	3,000
<b>Total net assets with donor restrictions</b>	<b><u>\$ 50,000</u></b>	<b><u>\$ 53,000</u></b>

# TULSA LAWYERS FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2022 and 2021

### 5. NET ASSETS (continued)

Net assets without donor restrictions for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 249,477	\$ 246,438
Quasi endowment	<u>36,155</u>	<u>42,523</u>
<b>Total net assets without donor restrictions</b>	<b><u>\$ 285,632</u></b>	<b><u>\$ 288,961</u></b>

Net assets released from net assets with donor restrictions for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Future operations	\$ 50,000	\$ 75,000
Furniture and computer equipment	<u>3,000</u>	<u>3,000</u>
<b>Total net assets released from net assets with donor restrictions</b>	<b><u>\$ 53,000</u></b>	<b><u>\$ 78,000</u></b>

### 6. CONCENTRATION OF FUNDING SOURCES

For the years ended December 31, 2022 and 2021, thirteen and eleven grants provided in the amount of \$255,900 and \$235,000, approximately 57% and 45%, respectively, of the Organization's total support and revenue. For the years ended December 31, 2022 and 2021, the Organization received monthly grants from the Office for Victims of Crime through their Victims of Crime Act grant program for a total of \$57,029 and \$101,149, approximately 13% and 19%, respectively, of the Organization's total support and revenue.

# TULSA LAWYERS FOR CHILDREN, INC.

Notes to Financial Statements

December 31, 2022 and 2021

## 7. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at December 31, 2022 and 2021:

Financial assets at year end:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 259,014	\$ 273,102
Contributions receivable	41,146	28,047
Funds held by third party	<u>36,155</u>	<u>42,523</u>
<b>Total financial assets</b>	<b><u>336,315</u></b>	<b><u>343,672</u></b>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	50,000	53,000
Less net assets with purpose restrictions to be met in less than a year	(50,000)	(50,000)
Quasi endowment with Tulsa Community Foundation	<u>36,155</u>	<u>42,523</u>
	<u>36,155</u>	<u>45,523</u>
<b>Financial assets available to meet general expenditures over the next twelve months</b>	<b><u>\$ 300,160</u></b>	<b><u>\$ 298,149</u></b>

Management evaluates the liquidity of available resources throughout the year to ensure the Organization meets the cash needs for general expenditures for the following year.

## 8. OPERATING LEASE

In February 2016, the Organization signed a lease to rent office space through 2022. In June 2022, the Organization signed a lease to rent office space at a new location through 2027. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other properties. The lease provides for increases in future minimum annual rental payments outlined in the lease agreement. The discount rate for the office space operating lease is 5.50% and has a remaining lease term of 4 years and 7 months for the year then ended December 31, 2022.

# TULSA LAWYERS FOR CHILDREN, INC.

## Notes to Financial Statements

December 31, 2022 and 2021

### 8. OPERATING LEASE (continued)

The following summarizes the line items in the balance sheets which include amounts for operating leases as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Operating lease right-of-use asset	\$ 145,748	\$ -
Operating lease liability, current	28,306	-
Operating lease liability, non-current	117,442	-
Total operating lease liability	<u>\$ 145,748</u>	<u>\$ -</u>

The maturities of lease liabilities as of December 31, 2022 were as follows:

2023	\$ 35,616
2024	35,616
2025	35,913
2026	36,631
Thereafter	21,615
Total lease payments	<u>165,391</u>
Less: Interest	<u>(19,643)</u>
Present value of lease liabilities	<u>\$ 145,748</u>

The following summarizes cash flow information related to leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:

Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 145,748
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### 9. 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. Funds held by the Tulsa Community Foundation for the years ended December 31, 2022 and 2021, was \$36,155 and \$42,523, respectively. This fund is considered a Level 1 investment.

# **TULSA LAWYERS FOR CHILDREN, INC.**

Notes to Financial Statements

*December 31, 2022 and 2021*

## **10. PENSION PLAN**

The Organization contributed to the Executive Director's 401(k) retirement and contributed to the other paid staff members SIMPLE IRA plans through May 2020. After May 2020, the Organization contributes to the Executive Director's and the other paid staff members SIMPLE IRA plans. The total 401(k) and SIMPLE IRA expense for 2022 and 2021 was \$6,810 and \$5,509, respectively.

## **11. PAYCHECK PROTECTION PROGRAM FUNDS**

In January 2021, the Organization received loan proceeds in the amount of \$42,870 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" of 24 weeks if the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period.

The Organization received forgiveness of the PPP loans for the year then ended December 31, 2021, and the amount is recorded as without donor restrictions on the Statements of Activities and Changes in Net Assets for the year then ended December 31, 2021.

## **12. SUBSEQUENT EVENTS**

In preparing these financial statements management has evaluated and disclosed all material subsequent events through October 27, 2023, which is the date these statements were available to be issued.

# Briscoe, Burke & Grigsby LLP

CERTIFIED PUBLIC ACCOUNTANTS

October 27, 2023

Tulsa Lawyers for Children, Inc.  
Tulsa, Oklahoma

To Management and Board of Directors of Tulsa Lawyers, 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, 2022, 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of Tulsa Lawyers for Children, 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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible* - The chance of the future event or events occurring is more than remote but less than likely.
- *Probable* - The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

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



Certified Public Accountants

October 27, 2023  
Tulsa, Oklahoma

**Briscoe, Burke & Grigsby LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

October 27, 2023

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

We have audited the financial statements of Tulsa Lawyers for Children, Inc. as of and for the year ended December 31, 2022, and have issued our report thereon dated October 27, 2023. 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 16, 2023. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

*Qualitative Aspects of Accounting Practices*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Tulsa Lawyers for Children, Inc. is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments. We did not identify any sensitive estimates affecting the financial statements.

Certain financial statement disclosures involve significant judgment and 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 relating to the performance of the audit.

### **Corrected and Uncorrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The attached schedule A summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

Attachment B summarizes the corrected material 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, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Tulsa Lawyers for Children, Inc.'s financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Management Representations**

We have requested certain written representations from management, which are included in the attached letter dated October 27, 2023.

### **Management's Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with Tulsa Lawyers for Children, Inc., we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Tulsa Lawyers for Children, Inc.'s auditors.

Tulsa Lawyers for Children, Inc.  
October 27, 2023  
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This report is intended solely for the information and 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

October 27, 2023  
Tulsa, Oklahoma

Tulsa Lawyers for Children, Inc.  
 October 27, 2023  
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**Client:** TULSA LAWYERS FOR CHILDREN, INC.  
**Report:** Proposed Journal Entries

**Attachment A**

Account	Description	Workpaper Reference	Debit	Credit	Net Income Effect
<b>901</b>		<b>5100.50</b>			
700000	Special Events		825.00	0.00	
670300	Expenses:670000 Fees for Services:670300 Consulting		1,122.00	0.00	
205000	Accounts Payable		0.00	1,947.00	
<b>Total</b>			<b>1,947.00</b>	<b>1,947.00</b>	<b>(1,947.00)</b>

To book unrecorded liabilities detected during our search for unrecorded liabilities for the year then ended December 31, 2022.

<b>902</b>		<b>7203</b>			
1600	Fixed Assets - Equipment		1,699.95	0.00	
640400	Expenses:640000 Office Expenses:640400 Equipment		0.00	1,699.95	
<b>Total</b>			<b>1,699.95</b>	<b>1,699.95</b>	<b>1,699.95</b>

To record laptop and couch that were expensed during the year under audit but were greater than capitalization threshold for the year then ended December 31, 2022.

**GRAND TOTAL** **3,646.95**    **3,646.95**    **(247.05)**

**Client:** TULSA LAWYERS FOR CHILDREN, INC.  
**Report:** Adjusting Journal Entries

**Attachment B**

Account	Description	Workpaper Reference	Debit	Credit	Net Income Effect
<b>101</b>					
160000	Right of Use Asset		145,748.00	0.00	
260001	Short-term Lease Obligations		0.00	28,306.00	
260000	Long-term lease obligation		0.00	117,442.00	
<b>Total</b>			<b>145,748.00</b>	<b>145,748.00</b>	<b>0.00</b>

To record right of use asset and lease obligations for office building lease to adopt ASC 842, Leases, for the year then ended December 31, 2022.

<b>102</b>		<b>6102</b>			
320000	Temp. Restricted Net Assets		53,000.00	0.00	
410100	Income:410000 Contributions:410100 Foundations		0.00	53,000.00	
<b>Total</b>			<b>53,000.00</b>	<b>53,000.00</b>	<b>53,000.00</b>

To record the release of prior year restricted net assets for the year then ended December 31, 2022.

<b>103</b>		<b>6102</b>			
410100	Income:410000 Contributions:410100 Foundations		50,000.00	0.00	
320000	Temp. Restricted Net Assets		0.00	50,000.00	
<b>Total</b>			<b>50,000.00</b>	<b>50,000.00</b>	<b>(50,000.00)</b>

To record restricted contributions to restricted net assets for the year the ended December 31, 2022.

<b>104</b>		<b>7102</b>			
4015	Contributions - In Kind Legal		0.00	71,021.00	
5105	In Kind Expenses - Legal Svcs		71,021.00	0.00	
<b>Total</b>			<b>71,021.00</b>	<b>71,021.00</b>	<b>0.00</b>

To record donated services for pro bono legal services and CPA bookkeeping services for the year then ended December 31, 2022.

**GRAND TOTAL** **319,769.00**    **319,769.00**    **3,000.00**