

Ally's House, Inc.
Norman, Oklahoma

***REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION***

For the Year Ended December 31, 2019

SAUNDERS & ASSOCIATES, PLLC

Certified Public Accountants

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ALLY'S HOUSE, INC.
Norman, Oklahoma

TABLE OF CONTENTS

December 31, 2019

	<u>Page</u>
Independent Auditor's Report	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ally's House, Inc.
Norman, Oklahoma

We have audited the accompanying financial statements of Ally's House, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows 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 Ally's House, Inc.'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 Ally's House, Inc.'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 Ally's House, Inc. as of December 31, 2019, 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.

Saunders & Associates, PLLC
SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

July 20, 2020

FINANCIAL STATEMENTS

ALLY'S HOUSE, INC.
Norman, Oklahoma

STATEMENT OF FINANCIAL POSITION

December 31, 2019

ASSETS

Current Assets	
Cash	\$ 117,868
Accounts Receivable	0
Prepaid Insurance	2,462
Total Current Assets	<u>120,330</u>
Fixed Assets	
Sign	895
Computer Equipment	569
Equipment	2,177
Accumulated Depreciation	(3,467)
Total Fixed Assets	<u>174</u>
TOTAL ASSETS	<u>120,504</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 691
Payroll Liabilities	0
Total Current Liabilities	<u>691</u>
Long Term Liabilities	
Long-Term Liabilities	0
Total Liabilities	<u>691</u>
Net Assets	
Net Assets With Donor Restrictions	0
Net Assets Without Donor Restrictions	119,813
Total Net Assets	<u>119,813</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 120,504</u>

* The accompanying notes are an integral part of the financial statements

ALLY'S HOUSE, INC.
Norman, Oklahoma

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES AND SUPPORT</u>			
Donations	\$ 41,452	\$ 0	\$ 41,452
Employee Giving Campaigns	5,270	0	5,270
Community Health Charities	15,596	0	15,596
Annual Fundraiser	35,382	0	35,382
Camp Live A Dream	3,278	0	3,278
Calendars	2,195	0	2,195
Memorials	546	0	546
Other Fundraising Events	42,919	0	42,919
Noncash Contributions	2,716	0	2,716
Net Assets Released From Restrictions - Satisfaction of Restriction Requirements	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues and Support	<u>149,354</u>	<u>0</u>	<u>149,354</u>
<u>EXPENSES</u>			
Program Services	116,973	0	116,973
Management & General	18,519	0	18,519
Fundraising	<u>14,198</u>	<u>0</u>	<u>14,198</u>
Total Expenses	<u>149,690</u>	<u>0</u>	<u>149,690</u>
Increase in Net Assets	(336)	0	(336)
Net Assets, Beginning	<u>120,149</u>	<u>0</u>	<u>120,149</u>
NET ASSETS, ENDING	<u>\$ 119,813</u>	<u>\$ 0</u>	<u>\$ 119,813</u>

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

ALLY'S HOUSE, INC.
Norman, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

<u>EXPENSES</u>	<u>Management & General</u>	<u>Program Services</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 0	\$ 26,326	\$ 0	26,326
Payroll Taxes	0	2,014	0	2,014
Support to Families	0	66,216	0	66,216
Camp Live A Dream	0	16,409	0	16,409
Calendar Expense	0	0	885	885
Rent	0	5,167	0	5,167
Utilities	1,571	0	0	1,571
Meetings	0	21	119	140
Auto Expenses	0	513	0	513
Security	347	0	0	347
Supplies	721	0	0	721
Training	299	0	0	299
Insurance	873	0	0	873
Contract Labor	1,650	0	1,400	3,050
Marketing	0	0	925	925
Office Expense	65	0	0	65
Printing	128	0	633	761
Postage/Shipping	915	210	684	1,809
Telephone	1,347	0	0	1,347
IT/Software Expense	2,072	0	3,091	5,163
Website Expenses	1,475	0	0	1,475
Legal & Accounting Services	6,000	0	0	6,000
Dues & Fees	599	0	0	599
Credit Card Fees	0	0	587	587
Bank Charges	0	97	0	97
Fundraiser Expenses	235	0	5,874	6,109
Advertising/Public Relations	32	0	0	32
Depreciation Expense	190	0	0	190
TOTAL EXPENSES	\$ 18,519	\$ 116,973	\$ 14,198	\$ 149,690

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

ALLY'S HOUSE, INC.
Norman, Oklahoma

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (Decrease) in Net Assets	\$	(336)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation		190
(Increase) decrease in accounts receivable		25,487
(Increase) decrease in prepaid insurance		(1,973)
Increase (decrease) in accounts payable		(1,618)
Increase (decrease) in payroll liabilities payable		0
		<hr/>
Net cash from operating activities		21,750

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets		<hr/> 0
		<hr/>
Net cash from investing activities		0

CASH FLOWS FROM FINANCING ACTIVITIES

		<hr/> 0
Net increase (decrease) in cash		21,750
Cash and cash equivalents, beginning		<hr/> 96,118
CASH AND CASH EQUIVALENTS, ENDING	\$	<u><u>117,868</u></u>

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

ALLY's HOUSE, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities – Ally's House, Inc. (the Organization) was organized as a non-profit corporation in the state of Oklahoma in June, 2004. The Organization is exempt from Federal and State taxes under 501(c)(3) of the Internal Revenue Code.

The Organization provides support to Oklahoma children with cancer and their families by providing assistance with various expenses incurred during their illness. In addition, the Organization hosts activities in an effort to improve goodwill and quality of life for these children and their families.

Basis of Accounting – The accompanying financial statements of the Organization have been prepared on the accrual basis which is in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis, revenues are recognized when earned rather than received, and expenses are recorded when the liability is incurred, rather than when payment is made. Net assets represent the cumulative excess of revenue recognized over expenses incurred.

Basis of Presentation – Ally's House, Inc.'s financial statement presentation follows the Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets with donor restrictions – net assets subject to donor imposed restrictions
- Net assets without donor restrictions – net assets not subject to donor-imposed restrictions

Cash Equivalent and Investments:

1. **Deposits and Investments** – For financial statement presentation and for purposes of the statement of cash flows, the Organization's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit with a maturity date of three months or less. Debt instruments with a maturity date of more than three months are considered to be investments. Investments are stated at cost.

At December 31, 2019, the Organization held deposits of approximately \$117,868 at one local financial institution. The Organization's cash deposits are entirely covered by Federal Depository Insurance (FDIC).

2. **Fair Value of Financial Instruments** – The Organization's financial instruments include cash and cash equivalents, and investments. The Organization's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

ALLY's HOUSE, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment – The Organization owns various equipment, furniture and computers. Acquisition of assets with an initial cost of \$2,500 or greater are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Equipment and Furniture	5-7 years
Computers	3 years
Computer Software	5 years

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

Income Taxes and Uncertain Tax Positions – Income Tax Status – The Organization qualifies as an organization exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and is subject to a tax on income from any unrelated business, as defined by Section 509(a)(1) of the Code. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

The Organization has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2019.

Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Organization has no open examinations with the Internal Revenue Service or the Oklahoma Tax Commission.

ALLY's HOUSE, INC.
Norman, Oklahoma

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects Ally's House, Inc.'s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or board mandated restriction within one year of the statement of financial position date. Donor-restricted resources are available to support general expenditures to the extent that restrictions on those resources will be met by conducting the normal activities of the Organization's programs in the coming year.

Financial assets at year end	\$ 117,868
Less those unavailable for general expenditures within one year	
Donor restricted investments	0
Board designated reserves	<u>0</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 117,868</u>

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically, money market funds.

NOTE 3: CAPITAL ASSET ACTIVITY

Capital asset activity for the year is as follows:

	Balance <u>12/31/18</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>12/31/19</u>
Depreciable Assets:				
Furniture and Fixtures	\$ 12,384	\$ 0	\$ 12,384	\$ 0
Equipment	16,899	0	13,258	3,641
Computer Software	<u>15,112</u>	<u>0</u>	<u>15,112</u>	<u>0</u>
	<u>44,395</u>	<u>0</u>	<u>40,754</u>	<u>3,641</u>
Accumulated Depreciation:				
Furniture and Fixtures	12,384	0	12,384	0
Equipment	16,535	190	13,258	3,467
Computer Software	<u>15,112</u>	<u>0</u>	<u>15,112</u>	<u>0</u>
	<u>44,031</u>	<u>190</u>	<u>40,754</u>	<u>3,467</u>
Net Depreciable Assets	<u>\$ 364</u>			<u>\$ 174</u>

NOTE 4: ALLOCATION OF INDIRECT COSTS

The Organization allocates costs to areas as follows:

Program Services –

- Camp – All camp expenses directly identifiable to this area are recorded as camp expenses. No wages or office expense is allocated to this class.
- Direct Service – All expenses associated with the processing of payments to families is allocated to this class. This includes wages paid to the Director of Programs, travel, and office space. Management has determined that the purpose of these expenses is to assist families.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

NOTE 4: ALLOCATION OF INDIRECT COSTS, CONTINUED

Fundraising – All expenses associated with fundraising are allocated to this class, including event expense, software and credit card fees.

Administration – All expenses not included in any of the above classes are allocated to this class, including some software, accounting and auditing services, insurance, utilities, etc.

NOTE 5: COMMITMENTS AND CONTINGENT LIABILITIES

The Organization is exposed to various risks of loss related to torts: theft of, damage to, or destruction of assets; errors and omissions; injuries and natural disaster. The Organization maintains insurance coverage for these risks.

NOTE 6: SUBSEQUENT EVENTS

In early March 2020, the COVID-19 virus was declared a global pandemic, and it continues to spread rapidly. While the disruption is currently expected to be temporary, the extent of the impact of COVID-19 on our operation and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our clients, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

Management has evaluated subsequent events through July 20, 2020, which is the date the financial statements were available to be issued.