

Ally's House, Inc.

Audit Report
for the Year Ended December 31, 2016

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Independent Auditor's Report

Board of Directors
Ally's House, Inc.
PO Box 722767
Norman, Oklahoma 73070

I 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, 2016 and the related statement of activities and the cash flow for the year 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ally's House, Inc. as of December 31, 2016, and the changes 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.


Linda S Woodruff CPA, P.C.

Oklahoma City, Oklahoma 73172-1578
October 10, 2017

Ally's House, Inc.
Statement of Financial Position
December 31, 2016

ASSETS

Current Assets

| | | |
|----------------------|---------------|--------------|
| Checking Account | \$ 87,800.71 | |
| Prepaid Insurance | <u>598.20</u> | |
| Total Current Assets | | \$ 88,398.91 |

Property and Equipment

| | | |
|------------------------------|--------------------|---|
| Furniture/Fixtures | 12,384.07 | |
| Equipment | 16,329.96 | |
| Computer Software | 15,111.48 | |
| Accumulated Depreciation | <u>(43,825.51)</u> | |
| Total Property and Equipment | | - |

Total Assets

\$ 88,398.91

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

Ally's House, Inc.
Statement of Financial Position
December 31, 2016

| | | | |
|---|----|------------------|---------------------|
| Current Liabilities | | | |
| Accounts Payable | \$ | 934.50 | |
| Accrued Taxes | | <u>574.66</u> | |
| Total Current Liabilities | | | \$ 1,509.16 |
| Long Term Liabilities | | | |
| Total Long Term Liabilities | | | <u>-</u> |
| Total Liabilities | | | 1,509.16 |
| Net Assets | | | |
| Invested in | | | |
| Capital Assets - Restricted | | - | |
| Unrestricted Balance | | <u>86,889.75</u> | |
| Total Net Assets | | | <u>86,889.75</u> |
| Total Liabilities and Net Assets | | | <u>\$ 88,398.91</u> |

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

Ally's House, Inc.
Statement of Activities
Year Ended December 31, 2016

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---------------------------------------|--------------|---------------------------|---------------------------|------------|
| Revenue | | | | |
| Donations | 55,253.99 | - | - | 55,253.99 |
| Employee Giving Campaigns | 917.22 | - | - | 917.22 |
| Community Health Charities | 16,294.62 | - | - | 16,294.62 |
| Christmas Appeal | 34,141.00 | - | - | 34,141.00 |
| Camp Live a Dream | 17,813.74 | - | - | 17,813.74 |
| Calendars | 1,898.36 | - | - | 1,898.36 |
| Misc. Fund Raisers | 14,530.81 | - | - | 14,530.81 |
| | <hr/> | | | |
| Total Revenue | 140,849.74 | - | - | 140,849.74 |
| Expenses | | | | |
| Program | 123,495.15 | - | - | 123,495.15 |
| Management and General | 15,971.22 | - | - | 15,971.22 |
| Fundraising | 8,081.33 | - | - | 8,081.33 |
| | <hr/> | | | |
| Total Expenses | 147,547.70 | - | - | 147,547.70 |
| Operating Income (Loss) | (6,697.96) | - | - | (6,697.96) |
| Non-Operating Income (Expense) | | | | |
| Depreciation | - | - | - | - |
| Total Other Income (Expense) | - | - | - | - |
| | <hr/> | | | |
| Change in Net Assets | (6,697.96) | - | - | (6,697.96) |
| Net Assets - Beginning of Year | 93,587.71 | - | - | 93,587.71 |
| | <hr/> | | | |
| Net Assets - End of Year | 86,889.75 | - | - | 86,889.75 |

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

Ally's House, Inc.
Statement of Functional Expenses
December 31, 2016

| | Administration and General | Program Services | Fundraising | Total |
|---------------------------------------|-------------------------------|------------------|-------------|------------|
| Revenue | | | | |
| Donations | - | - | 55,253.99 | 55,253.99 |
| Employee Giving Campaigns | - | - | 917.22 | 917.22 |
| Summer Appeal | - | - | 16,294.62 | 16,294.62 |
| Christmas Appeal | - | - | 34,141.00 | 34,141.00 |
| Camp Live A Dream | - | 17,813.74 | - | 17,813.74 |
| Calendars | - | - | 1,898.36 | 1,898.36 |
| Misc. Fund Raisers | - | - | 14,530.81 | 14,530.81 |
| Total Revenue | - | 17,813.74 | 123,036.00 | 140,849.74 |
| Expenses | | | | |
| Salaries/Payroll Expense | 414.00 | 20,977.64 | - | 21,391.64 |
| Support to Families | - | 69,492.73 | - | 69,492.73 |
| Camp Live A Dream | - | 28,676.65 | - | 28,676.65 |
| Rent | 4,400.00 | - | - | 4,400.00 |
| Meetings | - | 629.00 | - | 629.00 |
| Utilities | 2,275.59 | - | - | 2,275.59 |
| Security | 381.39 | - | - | 381.39 |
| Insurance | 1,215.14 | - | - | 1,215.14 |
| Contract Labor | - | - | 1,100.00 | 1,100.00 |
| Bank Charges | - | 247.16 | - | 247.16 |
| Postage/Shipping | 589.23 | 200.00 | 1,030.00 | 1,819.23 |
| Office Expense | 191.35 | - | - | 191.35 |
| Legal & Accounting | 5,100.00 | - | - | 5,100.00 |
| Credit Card Fees | - | - | 346.95 | 346.95 |
| Travel | - | 1,318.68 | - | 1,318.68 |
| Supplies | 220.30 | 45.00 | 202.12 | 467.42 |
| Telephone | 385.00 | 1,837.83 | - | 2,222.83 |
| Fundraising Costs | - | - | 4,525.27 | 4,525.27 |
| Advertising/Public Relations | 799.22 | 70.46 | 876.99 | 1,746.67 |
| Total Expenses | 15,971.22 | 123,495.15 | 8,081.33 | 147,547.70 |
| Operating Income (Loss) | (15,971.22) | (105,681.41) | 114,954.67 | (6,697.96) |
| Non-Operating Income (Expense) | | | | |
| Depreciation | - | - | - | - |
| Total Other Income (Expense) | - | - | - | - |
| Change in Net Position | (15,971.22) | (105,681.41) | 114,954.67 | (6,697.96) |

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

Ally's House, Inc.
Statement of Cash Flow
December 31, 2016

| | |
|---|-----------------------------|
| Cash Flow from Operating Activities | |
| Cash Payments for Services | \$ 140,849.74 |
| Cash Payments to Suppliers for Goods and Contractors and Other Services | <u>(147,562.56)</u> |
| Net Cash Provided by Operating Activities | (6,712.82) |
| Cash Flows from Capital and Related Financing Activities | |
| Acquisition & Construction of Capital Assets | - |
| Prior Period Adjustment | <u>-</u> |
| Net Cash Used in Capital and Financial Activities | - |
| Cash Flows from Investing Activities | |
| Interest Income | <u>-</u> |
| Net Cash Provided by Investing Activities | - |
| Net Increase (Decrease) in Cash | (6,712.82) |
| Cash and Cash Equivalents - Beginning of Year | <u>94,513.53</u> |
| Cash and Cash Equivalents - End of Year | <u><u>87,800.71</u></u> |
| Reconciliation of Operation Income to Net Cash Provided by Operating Activities | |
| Operating Income (Loss) | (6,697.96) |
| Adjustments to Reconcile Net Income to Operating Cash Provided by Operating Activities | |
| Depreciation | - |
| Changes in Assets & Liabilities | |
| (Increase) Decrease in Prepaid Calendars | 1,498.00 |
| (Increase) Decrease in Prepaid Insurance | 259.14 |
| Increase (Decrease) in Accrued Taxes | (58.50) |
| Increase (Decrease) in Accounts Payable | <u>(1,713.50)</u> |
| Total Adjustments | (14.86) |
| Net Cash Provided by Operating Activities | <u><u>\$ (6,712.82)</u></u> |

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

**Ally's House, Inc.
Norman, Oklahoma**

Notes to Financial Statements

Note 1 – Nature of Activities and Significant Accounting Policies

Organization

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.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) promulgated in the United States of America. The accounting and financial reporting treatment is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation are included on the statement of net assets. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Depreciation expense provides for capital assets based upon estimated useful lives.

Basis of Presentation

Financial statement presentation follows the recommendations of the *Accounting Standards Codification* (ASC) Topic 958, "Not-for-Profit-Entities". Under those provisions, net assets and revenues, as well as gains and losses are classified based on the existence or absence of imposed restrictions as follows:

- *Unrestricted net assets* – Net assets that are not subject to any imposed stipulations.
- *Temporarily restricted net assets* – Net assets that are subject to imposed stipulations that may or will be met, either by an action by the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization recognizes revenue.
- *Permanently restricted net assets* – Net assets subject to imposed stipulations that they be permanently maintained by the Organization.

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, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Ally's House, Inc.
Norman, Oklahoma**

Notes to Financial Statements

Note 1 – Nature of Activities and Significant Accounting Principles – Continued

Cash Equivalents 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.

On December 31, 2016, the Organization held deposits of approximately \$87,801 at financial institutions. 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, investments, and accounts receivable. 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 net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Note 2 – Income Tax

As a non-profit organization, the Organization is exempt from State and Federal income taxes.

Note 3 – Property and Equipment

The Organization owns various equipment, furniture and computer software. Additions to the property and equipment 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. The Organization does not maintain a capitalization threshold.

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 |

**Ally's House, Inc.
Norman, Oklahoma**

Notes to Financial Statements

Note 3 – Property and Equipment (continued)

Capital asset activity for the year is as follows:

| | Balance 12/31/2015 | Addition | Disposals | Balance 12/31/2016 |
|---------------------------------|-----------------------|----------|-----------|-----------------------|
| Depreciable Assets | | | | |
| Furniture/Fixtures | \$ 12,384 | \$ - | \$ - | \$ 12,384 |
| Equipment | \$ 16,329 | \$ - | \$ - | \$ 16,329 |
| Computer Software | \$ 15,111 | \$ - | \$ - | \$ 15,111 |
| Total | \$ 43,824 | \$ - | \$ - | \$ 43,824 |
| Accumulated Depreciation | | | | |
| Business Assets | \$ 43,824 | \$ - | \$ - | \$ 43,824 |
| Total | \$ 43,824 | \$ - | \$ - | \$ 43,824 |
| Net Depreciable Assets | - | \$ - | \$ - | - |

Note 4 – 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 disasters. The Organization maintains insurance coverage for these risks.

Note 5 – Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.