

**SUNBEAM FAMILY SERVICES, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEARS ENDED  
JUNE 30, 2021 and 2020**

**TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT**

**HSPG  
&  
ASSOCIATES**  

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ACCOUNTING | TAX | ADVISORY

**SUNBEAM FAMILY SERVICES, INC.**  
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**June 30, 2021 and 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Sunbeam Family Services, Inc.  
Oklahoma City, Oklahoma

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

We have audited the accompanying consolidated financial statements of Sunbeam Family Services, Inc. ("Sunbeam") (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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, 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 consolidated financial position of Sunbeam Family Services, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

HSPG & ASSOCIATES, PC

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## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2021 and 2020 supplementary statements of activities and the supplementary schedule of state financial awards on pages 20 - 22, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022, on our consideration of Sunbeam Family Services, Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sunbeam's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sunbeam Family Service, Inc's internal control over financial reporting and compliance.

*HSPG & Associates, P.C.*

February 28, 2022

**SUNBEAM FAMILY SERVICES, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,061,037	\$ 1,735,206
Receivables:		
Trade	14,576	10,952
Grants and contracts	1,944,953	2,070,316
Contributions receivable	1,585,252	911,690
Certificates of deposit	-	151,689
Prepaid expenses and other assets	210,505	189,488
Assets designated for investment in property and equipment:		
Cash	530,666	530,666
Investments, held at fair market value	2,776,971	2,192,356
Investments, designated for endowment	2,278,668	1,873,197
Beneficial interest in assets held by others	110,454	91,583
Property and equipment, net	19,423,964	20,314,468
<b>TOTAL ASSETS</b>	<b>\$ 31,937,046</b>	<b>\$ 30,071,611</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 527,542	\$ 495,317
Accrued salaries and related payables	592,082	496,189
Paycheck Protection Program forgivable loan	895,800	895,800
<b>TOTAL LIABILITIES</b>	<b>2,015,424</b>	<b>1,887,306</b>
<b>NET ASSETS</b>		
Without donor restrictions:		
Invested in property and equipment	15,510,723	15,922,054
Board-designated for property and equipment	3,307,637	2,723,022
Board-designated for endowment	2,389,122	1,964,780
Undesignated	2,832,383	1,832,534
Total unrestricted net assets	24,039,865	22,442,390
With donor restrictions	5,881,757	5,741,915
<b>TOTAL NET ASSETS</b>	<b>29,921,622</b>	<b>28,184,305</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 31,937,046</b>	<b>\$ 30,071,611</b>

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

**SUNBEAM FAMILY SERVICES, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021 (with comparative totals for 2020)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2021</b>	<b>Comparative Total 2020</b>
<b>REVENUE AND SUPPORT</b>				
Grants and contracts	\$ 17,050,599	\$ -	\$ 17,050,599	\$ 15,814,959
Contributions	950,196	967,109	1,917,305	1,552,794
Special event revenue	271,432	-	271,432	-
United Way	-	713,500	713,500	850,345
In-kind contribution: building lease	74,995	-	74,995	4,791,724
Client fees	365,911	-	365,911	235,346
Unrealized and realized gain (loss) on investments	1,060,478	-	1,060,478	106,187
Interest and dividends	73,583	-	73,583	113,548
Miscellaneous	30,073	-	30,073	24,454
Release from restrictions	1,540,767	(1,540,767)	-	-
Total revenue and support	<u>21,418,034</u>	<u>139,842</u>	<u>21,557,876</u>	<u>23,489,357</u>
<b>EXPENSES</b>				
Program services	17,039,150	-	17,039,150	15,536,610
Management and general	2,379,267	-	2,379,267	2,358,125
Costs of direct benefits to donors	69,408	-	69,408	-
Fundraising	332,734	-	332,734	319,374
Total expenses	<u>19,820,559</u>	<u>-</u>	<u>19,820,559</u>	<u>18,214,109</u>
Change in net assets	1,597,475	139,842	1,737,317	5,275,248
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>22,442,390</u>	<u>5,741,915</u>	<u>28,184,305</u>	<u>22,909,057</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 24,039,865</u>	<u>\$ 5,881,757</u>	<u>\$ 29,921,622</u>	<u>\$ 28,184,305</u>

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

**SUNBEAM FAMILY SERVICES, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Grants and contracts	\$ 15,814,959	\$ -	\$ 15,814,959
Contributions	1,167,037	385,757	1,552,794
United Way	15,050	835,295	850,345
In-kind contributions: building lease	399,310	4,392,414	4,791,724
Client fees	235,346	-	235,346
Unrealized and realized gain (loss) on investments	106,187	-	106,187
Interest and dividends	113,548	-	113,548
Miscellaneous	24,454	-	24,454
Release from restrictions	1,161,821	(1,161,821)	-
Total revenue and support	<u>19,037,712</u>	<u>4,451,645</u>	<u>23,489,357</u>
<b>EXPENSES</b>			
Program services	15,536,610	-	15,536,610
Management and general	2,358,125	-	2,358,125
Fundraising	319,374	-	319,374
Total expenses	<u>18,214,109</u>	<u>-</u>	<u>18,214,109</u>
Change in net assets	823,603	4,451,645	5,275,248
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>21,618,787</u>	<u>1,290,270</u>	<u>22,909,057</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 22,442,390</u>	<u>\$ 5,741,915</u>	<u>\$ 28,184,305</u>

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

**SUNBEAM FAMILY SERVICES, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Early Childhood Services	Senior Services	Foster Care	Counseling	Total Program Services	Management and General	Costs of Direct Benefits to Donors	Fundraising	Total
Salaries	\$ 7,029,100	\$ 341,609	\$ 206,090	\$ 444,678	\$ 8,021,477	\$ 893,976	\$ -	\$ 238,862	\$ 9,154,315
Payroll taxes	620,346	33,669	19,126	47,128	720,269	86,950	-	22,338	829,557
Benefits	972,094	45,398	30,658	57,694	1,105,844	101,851	-	17,033	1,224,728
Professional fees	1,280,154	8,379	4,661	9,641	1,302,835	236,847	-	1,431	1,541,113
Office supplies and postage	537,861	13,792	15,364	36,966	603,983	91,672	-	17,794	713,449
Nutrition program	216,648	6,996	13	34	223,691	537	-	22	224,250
Communications	111,335	6,890	9,347	27,230	154,802	72,927	69,408	12,242	309,379
Occupancy	454,712	29,351	10,909	11,893	506,865	30,712	-	-	537,577
Printing and publications	27,815	4,399	791	1,363	34,368	4,649	-	16,506	55,523
Transportation	15,590	12,610	6,761	466	35,427	273	-	-	35,700
Conference and training	267,141	5,366	1,333	9,726	283,566	10,142	-	594	294,302
Partner services	1,936	12,737	273	-	14,946	-	-	-	14,946
Program supplies	318,447	-	64	-	318,511	-	-	-	318,511
In-kind lease expense	566,167	-	-	-	566,167	-	-	-	566,167
Interest	103	-	-	-	103	610	-	-	713
Insurance	141,316	15,239	3,160	6,479	166,194	13,754	-	-	179,948
Specific assistance	2,950,994	13,803	10,817	1,628	2,977,242	17,760	-	5,912	3,000,914
Depreciation	-	-	-	-	-	816,134	-	-	816,134
Bad debts	684	-	-	2,176	2,860	473	-	-	3,333
Total expenses	<u>\$ 15,512,443</u>	<u>\$ 550,238</u>	<u>\$ 319,367</u>	<u>\$ 657,102</u>	<u>\$ 17,039,150</u>	<u>\$ 2,379,267</u>	<u>\$ 69,408</u>	<u>\$ 332,734</u>	<u>\$ 19,820,559</u>

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

**SUNBEAM FAMILY SERVICES, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Early Childhood Services	Senior Services	Foster Care	Counseling	Total Program Services	Management and General	Costs of Direct Benefits to Donors	Fundraising	Total
Salaries	\$ 5,576,206	\$ 453,137	\$ 216,201	\$ 318,455	\$ 6,563,999	\$ 1,026,992	\$ -	\$ 194,653	\$ 7,785,644
Payroll taxes	476,418	38,522	17,217	32,735	564,892	78,440	-	15,516	658,848
Benefits	775,484	73,833	30,583	29,684	909,584	148,322	-	18,536	1,076,442
Professional fees	706,224	8,572	5,169	11,914	731,879	217,446	-	256	949,581
Office supplies and postage	424,088	10,182	25,173	9,800	469,243	71,252	-	40,623	581,118
Nutrition program	226,124	16,564	153	-	242,841	1,421	-	93	244,355
Communications	104,093	10,663	8,779	29,424	152,959	37,494	-	9,018	199,471
Occupancy	324,805	28,828	11,643	10,075	375,351	45,508	-	13,346	434,205
Printing and publications	57,972	2,836	905	1,500	63,213	5,147	-	13,600	81,960
Transportation	37,517	24,056	10,818	138	72,529	1,633	-	57	74,219
Conference and training	663,832	3,715	1,799	2,474	671,820	23,611	-	3,287	698,718
Partner services	2,034	336,594	-	-	338,628	-	-	-	338,628
Program supplies	655,663	-	11	-	655,674	-	-	-	655,674
In-kind lease expense	399,310	-	-	-	399,310	-	-	-	399,310
Interest	-	-	-	-	-	2,714	-	2,410	5,124
Insurance	83,392	15,559	3,452	4,597	107,000	8,302	-	608	115,910
Specific assistance	3,150,650	54,283	12,998	999	3,218,930	11,215	-	7,371	3,237,516
Depreciation	140	-	-	-	140	679,481	-	-	679,621
Bad debts	-	-	-	(1,382)	(1,382)	(853)	-	-	(2,235)
Total expenses	<u>\$ 13,663,952</u>	<u>\$ 1,077,344</u>	<u>\$ 344,901</u>	<u>\$ 450,413</u>	<u>\$ 15,536,610</u>	<u>\$ 2,358,125</u>	<u>\$ -</u>	<u>\$ 319,374</u>	<u>\$ 18,214,109</u>

The accompanying notes are an integral part of these financial statement

**SUNBEAM FAMILY SERVICES, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,737,317	\$ 5,275,248
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,295,306	1,078,931
Net realized and unrealized investment gains	(1,060,478)	(106,187)
Reinvested earnings	(47,407)	(64,799)
Noncash contribution via debt extinguishment	-	(100,917)
In-kind contribution - building lease	-	(4,791,724)
Change in operating assets and liabilities:		
Receivables	(551,823)	(906,253)
Prepaid expenses and other assets	(21,017)	(55,612)
Accounts payable and accrued liabilities	32,225	246,556
Accrued salaries and related payables	95,893	175,992
Net cash provided by operating activities	<u>1,480,016</u>	<u>751,235</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(404,802)	(1,043,018)
Proceeds from sale of investments and certificates of deposit	243,439	93,350
Purchases of investments	-	(5,887)
Distribution from interest in assets held by others	7,178	-
Net cash used in investing activities	<u>(154,185)</u>	<u>(955,555)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program forgivable loan	-	1,495,800
Payment on Paycheck Protection Program forgivable loan	-	(600,000)
Net cash provided by financing activities	<u>-</u>	<u>895,800</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>1,325,831</u>	<u>691,480</u>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>2,265,872</u>	<u>1,574,392</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 3,591,703</u>	<u>\$ 2,265,872</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF FINANCIAL POSITION</b>		
Cash and cash equivalents, unrestricted	\$ 3,061,037	\$ 1,735,206
Board designated cash	530,666	530,666
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<u>\$ 3,591,703</u>	<u>\$ 2,265,872</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	<u>\$ 713</u>	<u>\$ 5,124</u>

**NONCASH FINANCING ACTIVITIES**

During the year ended June 30, 2020, Sunbeam's \$583,000 note receivable from and \$683,917 note payable to Inasmuch Foundation was netted to \$100,917 and forgiven by Inasmuch Foundation.

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

**SUNBEAM FAMILY SERVICES, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

*Nature of activities* – Sunbeam Family Services, Inc. was organized as a nonprofit corporation in 1907 to provide services within the Oklahoma City metropolitan area. These services include fostering and strengthening family life and developing the capacities of individual adults, children, and family groups toward a satisfying and socially useful life. Sunbeam Family Services, Inc. is funded primarily by contracts with the United States Department of Health and Human Services, Oklahoma State Department of Education, Oklahoma Department of Human Services, and other federal and state agencies. Additionally, Sunbeam Family Services, Inc. receives contributions and grants from individuals, businesses, and other non-profit organizations.

*Basis of consolidation* – These consolidated financial statements (“financial statements”) include the following entities which, together with Sunbeam Family Services, Inc., are hereafter referred to as “Sunbeam”. All material intercompany accounts and transactions have been eliminated in consolidation.

Sunbeam Family Services, Inc. is the sole member of SFS, LLC (“SFS”) which was established to allow Sunbeam Family Services, Inc. to meet a requirement for coverage under a previous healthcare plan. However, such requirements have expired and SFS has been inactive for the years included in the accompanying financial statements. The board of Sunbeam Family Services, Inc. served as the board of SFS.

The Foundation for Sunbeam Family Services (the “Foundation”) is a related organization of Sunbeam Family Services, Inc. The Foundation is organized to be a supporting organization of Sunbeam Family Services, Inc. whom appoints the board of directors of the Foundation, a majority of which must be a present or former member of the Sunbeam Family Services, Inc. board of directors. Due to Sunbeam Family Services, Inc.’s control of the appointment of board members and its direct economic interest, the Foundation is consolidated in these financial statements.

Oklahoma City Educare, Inc. (“Educare”) is a state-of-the-art school that provides high-quality early childhood education which is part of a national research project of the Educare Learning Network designed to lessen the achievement gap between the nation’s most at-risk young children and their more-advantaged peers. Sunbeam Family Services, Inc. is the sole member of Oklahoma City Educare, Inc. (“Educare”) and has managed Educare since its inception. In May 2020, the assets and operations of Educare were transferred to Sunbeam and Educare’s legal structure was dissolved.

*Basis of accounting* – The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities. Revenue is recognized when earned and expenses are recognized when incurred.

***Basis of presentation*** – Net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Sunbeam reports information regarding its financial position and activities as follows:

Net assets without donor restrictions – Net assets available for use in general operations that are not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

***Cash and cash equivalents*** – For purposes of the statement of cash flows, Sunbeam considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents unless designated for investment purposes.

***Revenue recognition*** – Revenues that have the characteristics of exchange transactions, such as client fees, are not recognized until earned. Sunbeam's earned revenue include a single performance obligation and is recognized at a point-in-time as services are provided. Fees received prior to services being provided are recorded as deferred revenue. Accounts receivable from contracts with customers totaled \$14,576, \$10,952, and \$9,025 at June 30, 2021, 2020, and 2019, respectively.

Federal and state grant revenue is recognized as the expenses to be reimbursed are incurred and the criteria for the grants have been met. Investment income is recognized as earned.

Contributions are recognized as revenues in the period unconditional promises to give are received and are reported as net assets with or without donor restrictions depending on the existence or nature of any donor restrictions. The standards also provide that if the governing body of an organization has the right to remove a donor restriction, the contributions should be classified as without restrictions.

***Receivables and credit policies*** – Trade, grants, and contract accounts receivable are uncollateralized obligations generally requiring payment within 30 days from the invoice date. Interest and delinquency fees are not assessed. Discounts allowed for early payment or other contract provisions, if any, are charged against income when the payment is received. Payments of accounts receivable are allocated to the specific invoices identified, if unspecified, are applied to the earliest unpaid invoices. Unconditional promises to give are recognized as revenues or gains in the period received or unconditionally pledged. All unconditional promises to give are considered fully collectible.

The carrying amounts of accounts receivable are reduced by an allowance for doubtful accounts that reflects management's best estimate of the amounts that will not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts based on historical collection trends and an assessment of the creditworthiness of current customers and donors. The adequacy of the allowance for doubtful accounts is evaluated periodically through an individual assessment of potential losses on customer accounts giving particular emphasis to accounts with invoices more than 90 days past the due date. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to trade accounts receivable. Recoveries on accounts previously written off are credited back to the allowance for doubtful accounts. The allowance for doubtful accounts, and related changes, are not material to the financial statements.

**Investments** – Various investment managers oversee Sunbeam’s securities and other investments. Investments are held under a master custodial arrangement by a financial institution. Cash equivalent funds are comprised of short-term, highly liquid investments that are readily convertible into known amounts of cash. Cash equivalent funds, mutual funds, and common stocks are reported at fair value in the accompanying financial statements. Fair values are based on quoted market prices as provided by the financial institution. Realized gains and losses on sales of securities are computed based on specific identification. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying financial statements.

**Certificates of deposit** – Certificates of deposit are recorded at cost plus accrued interest.

**Beneficial interest in assets held by others** – Sunbeam follows the Accounting Standards Codification (“ASC”) guidance which requires a not-for-profit organization that transfers assets to a community foundation and specifies itself as the beneficiary to recognize its beneficial interest in the assets transferred (see Note 5). Sunbeam carries its beneficial interest in the assets held by the Oklahoma City Community Foundation, Inc. (“OCCF”) and Communities Foundation of Oklahoma (“CFO”) at fair value.

**Property and equipment** – Property and equipment are carried at cost or, if donated, at the approximate fair value, based on donor appraisal, at the date of donation. Sunbeam’s capitalization threshold is \$5,000 for assets acquired with an economic useful life greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are three to ten years for office equipment and furniture and fixtures and ten to forty years for buildings and land improvements.

Sunbeam reports gifts of property and equipment as support without donor restrictions unless explicit donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor restrictions about how long those long-lived assets must be maintained, Sunbeam reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Concentration of credit risk** – Sunbeam maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. As of June 30, 2021 and 2020, Sunbeam’s deposit balances with financial institutions subject to FDIC coverage exceeded such coverage by \$1,310,127 and \$1,362,004, respectively. Sunbeam has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risk on cash or cash equivalents. Sweep accounts are used to reduce exposure which are not provided protection by FDIC coverage. Balances deposited in sweep accounts at June 30, 2021 and 2020 totaled \$2,174,683 and \$743,912, respectively. See Note 11 for concentrations of credit risk associated with grants receivable.

**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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Fair value measurements*** – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels except for investments measured using Net Asset Value (“NAV”) per share as a practical expedient which are exempt from level classification. The following is a brief description of those three levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs that are derived principally from or corroborated by observable market data.

Level 3: Inputs that are unobservable and significant to the overall fair value measurement.

Financial assets carried at fair value include investments and beneficial interest in assets held by others (see Note 6). Sunbeam has no liabilities carried at fair value on a recurring basis and no assets or liabilities carried at fair value on a non-recurring basis at June 30, 2021 or 2020.

***Compensated absences*** – Employee rights to receive compensation for future absences are recognized in the period such rights are earned.

***Board designated endowment funds*** – Sunbeam adopted the standard "Endowments of Not-for-Profit Organizations" which among other things enhances disclosures for endowment funds maintained by not-for-profit organizations. Sunbeam has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The endowment assets are to be sufficiently diversified to minimize the risk of material loss. High risk or speculative investments are to be avoided. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation’s board of trustees annually determines the amount of the endowment to distribute to support Sunbeam’s operations.

***Functional expenses*** – The costs of providing the various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among program services, management and general, costs of direct benefits to donors and fundraising. Management and general expenses include those expenses that are not directly identifiable with another specific function, but provide for the overall support and direction of Sunbeam.

***Income taxes*** – Sunbeam is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for any income that Sunbeam generates from an unrelated trade or business which is subject to federal corporate taxes on income. With few exceptions, Sunbeam is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years beginning before June 30, 2018.

***Donated services*** – Donated services are recognized by Sunbeam if they create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation. In-kind donations of goods and services are recorded in the financial statements at the estimated value of such goods or services.

Sunbeam also receives significant volunteer services in conjunction with the Head Start and Early Head Start Programs. These services qualify for in-kind matching based on the guidelines of the Department of Health and Human Services programs, but do not meet the requirements for recognition in the financial statements.

**Reclassifications** – Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Reclassifications did not affect the previously reported total amount of net assets or changes in net assets.

**Subsequent Events** – Sunbeam has evaluated subsequent events through February 28, 2022, which is the date the financial statements were available to be issued. There are no subsequent events requiring recognition or disclosure in the 2021 financial statements.

**Recent accounting pronouncements** – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02 “Leases (Topic 842).” The purpose of the guidance is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position as well as providing additional disclosure requirements related to leasing arrangements. The new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2021, though early adoption is permitted.

In September 2020, the FASB issued ASU No. 2020-07 “Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets” which increases transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit (“NFP”) organizations including transparency on how those assets are used and how they are valued. The ASU requires an NFP to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires an NFP to disclose certain information related to the types of contributed nonfinancial assets received, whether they were utilized or monetized, the NFP’s policy, if any, about monetizing rather than utilizing such assets, and valuation techniques used to determine the valuation of such contributed assets. The amendments for this ASU are to be applied retrospectively and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted.

Management is currently evaluating the impact that adopting the above recent accounting pronouncements will have on Sunbeam’s financial statements in future reporting periods.

## 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,061,037	\$ 1,735,206
Receivables:		
Trade	14,576	10,952
Grants and contracts	1,944,953	2,070,316
Contributions receivable (due in less than one year - see note 3)	985,252	911,690
Certificates of deposit	-	151,689
Distributions from beneficial interests in assets held by others	4,273	3,422
	<u>\$ 6,010,091</u>	<u>\$ 4,883,275</u>

In addition to financial assets available to meet general expenditures over the next 12 months, Sunbeam operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Sunbeam receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Sunbeam manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

Assets designated for endowment (see Note 7) are available for use at the discretion of the board of directors.

### 3. CONTRIBUTIONS RECEIVABLE

At June 30, 2021 and 2020, contributions receivable are considered fully collectible and are due as follows:

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 985,252	\$ 911,690
Due in one to five years	600,000	-
	<u>\$ 1,585,252</u>	<u>\$ 911,690</u>

At June 30, 2021 and 2020, contributions receivable totaling \$1,454,042 and \$835,295 are from two and one donors, respectively.

### 4. PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows at June 30:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$ 18,449,230	\$ 18,202,206
Building lease	3,913,242	4,392,414
Office equipment	1,700,900	1,515,883
Land	799,750	790,002
Construction in progress	7,281	44,269
	<u>24,870,403</u>	<u>24,944,774</u>
Less: accumulated depreciation	<u>(5,446,439)</u>	<u>(4,630,306)</u>
Net property and equipment	<u>\$ 19,423,964</u>	<u>\$ 20,314,468</u>

Depreciation expense for the years ended June 30, 2021 and 2020 totaled \$816,134 and \$679,621, respectively.

**Building lease** – Effective September 1, 2019, Sunbeam entered into a lease agreement with Independent School District No. 89 of Oklahoma County to lease the Pierce Elementary School building located at 2701 S. Tulsa Ave, Oklahoma City, Oklahoma for use as an early childhood services center. The lease term is five years with a renewal option for one additional five-year period at the discretion of Sunbeam. The annual rent is \$12,000 for the first term and \$18,000 for the second term. As the fair market rental value of the building exceeds the fixed rent, Sunbeam has recorded a long-term contribution receivable which is presented in the accompanying statements of financial position as property and equipment and shown in this footnote as building lease. The fair value of the

contribution receivable was established based on the market value of the lease above the contracted rate at the date of contribution. The lease agreement states that any improvements made to the property will become the assets of the landlord upon termination of the lease agreement. Amortization of the building lease receivable totaled \$878,482 and \$399,310 during the years ended June 30, 2021 and June 30, 2020, respectively, and is recognized as in-kind lease expense in the accompanying statement of functional expenses and as a direct reduction of the building lease asset balance included in the above table.

## 5. COMMUNITY FOUNDATION FUNDS

Sunbeam is the designated beneficiary of donor advised funds at Oklahoma City Community Foundation (“OCCF”), Communities Foundation of Oklahoma (“CFO”), and Tulsa Community Foundation (“TCF”) (collectively referred to as the “Community Foundations”). These funds were contributed to the Community Foundations by Sunbeam and other third-party contributors. The Community Foundations have variance power over all contributions. Sunbeam follows the standard, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others" to account for these funds. Assets transferred by Sunbeam remain on the statements of financial position as beneficial interests in assets held by others. Contributions from third parties are disclosed below, but not recognized as assets of Sunbeam. Sunbeam receives a distribution from funds held at OCCF and CFO each year based on a percentage of the average fair market value of the funds over the previous eight quarters. Distributions are received from TCF as determined at the discretion of the donors.

The balance of the funds at June 30, 2021 and 2020 was as follows:

	2021		2020	
	Beneficial Interest in Assets Held by Others	Donated by third parties (disclosure only)	Beneficial Interest in Assets Held by Others	Donated by third parties (disclosure only)
OCCF	\$ 84,802	\$ 362,853	\$ 71,521	\$ 298,449
CFO	25,652	6,342	20,062	5,213
TCF	-	300,003	-	236,176
	<u>\$ 110,454</u>	<u>\$ 669,198</u>	<u>\$ 91,583</u>	<u>\$ 539,838</u>

## 6. FAIR VALUE MEASUREMENTS

Financial assets measured at fair value on a recurring basis are classified within the fair value hierarchy at June 30, 2021 as follows:

	Carrying Value	Total Fair Value	Fair Value Measurements		
			Level 1	Level 2	Level 3
ASSETS					
Investments:					
Cash Equivalents	\$ 422,831	\$ 422,831	\$ 422,831	\$ -	\$ -
Common stock	649,190	649,190	649,190	-	-
Mutual Funds:					
Equity	2,708,381	2,708,381	2,708,381	-	-
Fixed Income	<u>1,275,237</u>	<u>1,275,237</u>	<u>1,275,237</u>	<u>-</u>	<u>-</u>
Total Investments	5,055,639	5,055,639	5,055,639	-	-
Beneficial interest in assets held by others	<u>110,454</u>	<u>110,454</u>	<u>-</u>	<u>-</u>	<u>110,454</u>
	<u>\$ 5,166,093</u>	<u>\$ 5,166,093</u>	<u>\$ 5,055,639</u>	<u>\$ -</u>	<u>\$ 110,454</u>

As of June 30, 2020, assets measured at fair value on a recurring basis are classified within the fair value hierarchy is as follows:

	Carrying Value	Total Fair Value	Fair Value Measurements		
			Level 1	Level 2	Level 3
ASSETS					
Investments:					
Cash Equivalents	\$ 225,047	\$ 225,047	\$ 225,047	\$ -	\$ -
Common stock	472,676	472,676	472,676	-	-
Mutual Funds:					
Equity	1,985,880	1,985,880	1,985,880	-	-
Fixed Income	<u>1,381,950</u>	<u>1,381,950</u>	<u>1,381,950</u>	<u>-</u>	<u>-</u>
Total Investments	4,065,553	4,065,553	4,065,553	-	-
Beneficial interest in assets held by others	<u>91,583</u>	<u>91,583</u>	<u>-</u>	<u>-</u>	<u>91,583</u>
	<u>\$ 4,157,136</u>	<u>\$ 4,157,136</u>	<u>\$ 4,065,553</u>	<u>\$ -</u>	<u>\$ 91,583</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant observable inputs (level 3) for the years ended June 30, 2021 and 2020.

	2021	2020
Balance at beginning of year	\$ 91,583	\$ 93,417
Purchases / contributions	-	-
Investment return, net	26,049	(1,834)
Distributions	<u>(7,178)</u>	<u>-</u>
Balance at end of year	<u>\$ 110,454</u>	<u>\$ 91,583</u>

The summary of changes in fair value of level 3 assets has been prepared to reflect the activity in the same categories as those provided by the Community Foundations. Net investment performance

includes realized and unrealized gains (losses) on investments, investment income, and administrative fees and is included in unrealized and realized gain (loss) on investments in the accompanying statements of activities. Typically, distributions decrease Sunbeam’s respective financial asset and increase cash at the time of distribution.

The following methods and assumptions were used to estimate the fair value of assets and liabilities reported at fair market value in the accompanying financial statements.

*Investments:* Investments are stated at fair value, and are based on quoted market prices, when available, or the best estimate of fair value as determined by the fund and/or investment manager. Generally, quoted market prices are available for mutual funds and common stocks and, as such, are classified as Level 1 in the fair value hierarchy.

*Beneficial interest in assets held by others:* The fair value of Sunbeam’s beneficial interest in assets held by others is based on the fair value of fund investments as reported by the Community Foundations. These are considered to be level 3 financial assets.

## 7. BOARD DESIGNATED ENDOWMENT FUNDS

As of June 30, 2021 and 2020, the board of directors has designated funds held in the Foundation and beneficial interest in assets held by others as endowments to support the operations of Sunbeam. Since the endowments resulted from an internal designation and are not donor-restricted, they are classified as net assets without donor restrictions. Composition of and changes in board designated endowment net assets for the year ended June 30, 2021 and 2020, is as follows:

	2021	2020
Endowment net assets, beginning of year	\$ 1,964,780	\$ 1,974,230
Investment return	523,270	80,446
Contributions	-	-
Appropriation of endowment assets for expenditure	(98,928)	(89,896)
Endowment net assets, end of year	<u>\$ 2,389,122</u>	<u>\$ 1,964,780</u>

## 8. NOTES PAYABLE

***Paycheck Protection Program forgivable loan*** – In April 2020, Sunbeam applied for and received a forgivable loan from the federal government as part of the Small Business Administration (SBA) Paycheck Protection Program (PPP) in the amount of \$1,495,800 bearing annual interest of 1.00%. Sunbeam subsequently repaid \$600,000 of the loan determined to be in excess of their qualifying expenses. In August 2021, Sunbeam received partial forgiveness of the loan and has paid an additional \$230,332 which was deemed to be in excess of their qualifying expenses.

***Line of Credit*** – Sunbeam entered into a \$4,000,000 revolving line of credit with a financial institution in April 2021. Borrowings under the line are subject to a variable interest rate equal to the Wall Street Journal U.S. prime rate with a floor of 3.25% (3.25% as of June 30, 2021). This loan is collateralized by mortgage of real property and assignment of rents. Repayment of all outstanding principal plus all accrued unpaid interest is due at maturity on March 31, 2022. There was no outstanding balance as of June 30, 2021.

## 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purposes:		
Early childhood services	\$ 315,936	\$ 378,230
Caregiver Fundamentals	74,255	69,466
Friends of Sunbeam	3,234	7,498
Counseling services	-	4,744
Foster Care	-	8,588
Other	26,590	8,680
Time restricted for subsequent period:		
United Way	713,500	835,295
Inasmuch Foundation	800,000	-
Building lease	3,913,242	4,392,414
Other pledges	35,000	37,000
Total net assets with donor restrictions	<u>\$ 5,881,757</u>	<u>\$ 5,741,915</u>

## 10. EMPLOYEE RETIREMENT PLAN

Sunbeam provides a defined contribution retirement plan for their full-time employees and other part-time employees over 21 years of age who work more than 1,000 hours in one year's time with one year of uninterrupted service. Employees may contribute to the Plan up to the maximum excludable IRS allowance. Sunbeam contributes a matching contribution on all employees deferrals as defined by the plan and may make a non-elective contribution allocated uniformly based on eligible compensation. Employer contributions on behalf of individuals are fully vested when the employee completes three years of service. Sunbeam's contribution to the plan for the years ended June 30, 2021 and 2020 was \$223,359 and \$208,297, respectively.

## 11. ECONOMIC DEPENDENCY

Sunbeam receives a significant portion of its revenue from funds provided through multiple federal and state grants. The grant amounts are appropriated each year at the federal and/or state level. If significant budget cuts are made at the federal and/or state level, the amount of funds Sunbeam receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds Sunbeam will receive in the next fiscal year. Significant concentrations include funding received for the Head Start and Early Head Start programs which totaled \$14,264,617 and \$12,975,478 during the years ended June 30, 2021 and 2020, respectively. Grants receivable from Head Start and Early Head Start programs totaled \$1,576,222 and \$1,869,567 at June 30, 2021 and 2020, respectively.

## 12. COMMITMENTS AND CONTINGENCIES

In the normal course of operations, Sunbeam receives contract funds from various federal and state grantor agencies. The programs are subject to audit by the granting authority, the purpose of which is to ensure compliance with conditions imposed by the granting agency. Any reimbursement, which may arise as the result of the audit of contract funds, is not believed to be material.

### **13. FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation expenses, professional services, office supplies and postage, communications, occupancy, printing and publications, transportation, conference and training, and insurance which are allocated on the basis of estimates of time and effort.

### **14. COVID-19**

In March 2020, the pandemic outbreak of a novel coronavirus known as COVID-19 began to spread throughout the United States, resulting in emergency declarations by national, state and local governments and municipalities. As a result, many industries are experiencing disruption to business operations and reduced consumer spending. While disruptions are expected to be temporary, there is uncertainty surrounding the duration. Sunbeam acknowledges the spread of COVID-19 could potentially negatively impact its operations and financial statements; however, any related financial impact cannot be reasonably estimated at this time.

\* \* \* \* \*

## SUPPLEMENTARY INFORMATION

**SUNBEAM FAMILY SERVICES, INC.**  
**SUPPLEMENTARY STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Early Childhood Services	Senior Services	Foster Care	Counseling	Total Program Services	Management and General	Special Event Revenue and Costs of Direct Benefits to Donors	Fundraising	Foundation	Total
<b>REVENUE AND SUPPORT</b>										
Grants and contracts	\$ 16,349,120	\$ 230,263	\$ 398,940	\$ 68,999	\$ 17,047,322	\$ 3,277	\$ -	\$ -	\$ -	\$ 17,050,599
Contributions:										
Restricted	100,096	80,071	22,810	48,220	251,197	1,444,491	-	110,417	(91,750)	1,714,355
Unrestricted	185,274	6,498	3,722	7,456	202,950	-	-	-	-	202,950
Special event revenue	-	-	-	-	-	-	271,432	-	-	271,432
United Way	300,000	159,500	50,500	203,500	713,500	-	-	-	-	713,500
In-Kind	74,995	-	-	-	74,995	-	-	-	-	74,995
Client fees	5,087	96	-	360,728	365,911	-	-	-	-	365,911
Unrealized and realized gain (loss) on investments	-	-	-	-	-	26,236	-	558,899	475,343	1,060,478
Interest and dividends	-	-	-	-	-	2,937	-	38,292	32,354	73,583
Miscellaneous	7,079	-	-	14,160	21,239	8,834	-	-	-	30,073
Total revenue and support	<u>17,021,651</u>	<u>476,428</u>	<u>475,972</u>	<u>703,063</u>	<u>18,677,114</u>	<u>1,485,775</u>	<u>271,432</u>	<u>707,608</u>	<u>415,947</u>	<u>21,557,876</u>
<b>EXPENSES</b>										
Salaries	7,029,100	341,609	206,090	444,678	8,021,477	893,976	-	238,862	-	9,154,315
Payroll taxes	620,346	33,669	19,126	47,128	720,269	86,950	-	22,338	-	829,557
Benefits	972,094	45,398	30,658	57,694	1,105,844	101,851	-	17,033	-	1,224,728
Professional fees	1,280,154	8,379	4,661	9,641	1,302,835	226,371	-	1,431	10,476	1,541,113
Office supplies and postage	537,861	13,792	15,364	36,966	603,983	91,672	-	17,794	-	713,449
Nutrition program	216,648	6,996	13	34	223,691	537	-	22	-	224,250
Communications	111,335	6,890	9,347	27,230	154,802	72,927	69,408	12,242	-	309,379
Occupancy	454,712	29,351	10,909	11,893	506,865	30,712	-	-	-	537,577
Printing and publications	27,815	4,399	791	1,363	34,368	4,649	-	16,506	-	55,523
Transportation	15,590	12,610	6,761	466	35,427	273	-	-	-	35,700
Conference and training	267,141	5,366	1,333	9,726	283,566	10,142	-	594	-	294,302
Partner services	1,936	12,737	273	-	14,946	-	-	-	-	14,946
Program supplies	318,447	-	64	-	318,511	-	-	-	-	318,511
In-kind lease expense	566,167	-	-	-	566,167	-	-	-	-	566,167
Interest	103	-	-	-	103	610	-	-	-	713
Insurance	141,316	15,239	3,160	6,479	166,194	12,096	-	-	1,658	179,948
Specific assistance	2,950,994	13,803	10,817	1,628	2,977,242	17,760	-	5,912	-	3,000,914
Depreciation	-	-	-	-	-	816,134	-	-	-	816,134
Bad debts	684	-	-	2,176	2,860	473	-	-	-	3,333
Management and general *	1,511,752	55,762	31,879	67,867	1,667,260	(1,667,260)	-	-	-	-
Total expenses	<u>17,024,195</u>	<u>606,000</u>	<u>351,246</u>	<u>724,969</u>	<u>18,706,410</u>	<u>699,873</u>	<u>69,408</u>	<u>332,734</u>	<u>12,134</u>	<u>19,820,559</u>
Change in net assets	\$ (2,544)	\$ (129,572)	\$ 124,726	\$ (21,906)	\$ (29,296)	\$ 785,902	\$ 202,024	\$ 374,874	\$ 403,813	\$ 1,737,317

\* This line represents the Organization's application of a 10% de minimis indirect cost rate as allowed under Uniform Guidance for federal contracts. This allocation is not recognized for GAAP reporting in the statements of functional expenses and activities.

See independent auditor's report.

**SUNBEAM FAMILY SERVICES, INC.**  
**SUPPLEMENTARY STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Early Childhood Services	Senior Services	Foster Care	Counseling	Total Program Services	Management and General	Special Event Revenue and Costs of Direct Benefits to Donors	Fundraising	Foundation	Total
<b>REVENUE AND SUPPORT</b>										
Grants and contracts	\$ 14,704,870	\$ 660,327	\$ 409,618	\$ 40,144	\$ 15,814,959	\$ -	\$ -	\$ -	\$ -	\$ 15,814,959
Contributions:										
Restricted *	449,520	225,346	15,190	9,514	699,570	158,387	-	274,008	(89,896)	1,042,069
Unrestricted	302,398	23,134	7,413	12,213	345,158	-	-	165,567	-	510,725
Special event revenue	-	-	-	-	-	-	-	-	-	-
United Way	326,000	252,692	53,103	203,500	835,295	15,050	-	-	-	850,345
In-Kind	4,791,724	-	-	-	4,791,724	-	-	-	-	4,791,724
Client fees	33,808	218	-	201,320	235,346	-	-	-	-	235,346
Unrealized and realized gain (loss)										
on investments	-	-	-	-	-	(2,252)	-	57,309	51,130	106,187
Interest and dividends	-	-	-	-	-	24,926	-	48,172	40,450	113,548
Miscellaneous	14,310	-	-	150	14,460	9,994	-	-	-	24,454
Total revenue and support	20,622,630	1,161,717	485,324	466,841	22,736,512	206,105	-	545,056	1,684	23,489,357
<b>EXPENSES</b>										
Salaries	5,576,206	453,137	216,201	318,455	6,563,999	1,026,992	-	194,653	-	7,785,644
Payroll taxes	476,418	38,522	17,217	32,735	564,892	78,440	-	15,516	-	658,848
Benefits	775,484	73,833	30,583	29,684	909,584	148,322	-	18,536	-	1,076,442
Professional fees	706,224	8,572	5,169	11,914	731,879	208,146	-	256	9,300	949,581
Office supplies and postage	424,088	10,182	25,173	9,800	469,243	71,252	-	40,623	-	581,118
Nutrition program	226,124	16,564	153	-	242,841	1,421	-	93	-	244,355
Communications	104,093	10,663	8,779	29,424	152,959	37,494	-	9,018	-	199,471
Occupancy	324,805	28,828	11,643	10,075	375,351	45,508	-	13,346	-	434,205
Printing and publications	57,972	2,836	905	1,500	63,213	5,147	-	13,600	-	81,960
Transportation	37,517	24,056	10,818	138	72,529	1,633	-	57	-	74,219
Conference and training	663,832	3,715	1,799	2,474	671,820	23,611	-	3,287	-	698,718
Partner services	2,034	336,594	-	-	338,628	-	-	-	-	338,628
Program supplies	655,663	-	11	-	655,674	-	-	-	-	655,674
In-kind lease expense	399,310	-	-	-	399,310	-	-	-	-	399,310
Interest	-	-	-	-	-	2,714	-	2,410	-	5,124
Insurance	83,392	15,559	3,452	4,597	107,000	8,302	-	608	-	115,910
Specific assistance	3,150,650	54,283	12,998	999	3,218,930	11,215	-	7,371	-	3,237,516
Depreciation	140	-	-	-	140	679,481	-	-	-	679,621
Bad debts	-	-	-	(1,382)	(1,382)	(853)	-	-	-	(2,235)
Management and general **	1,354,773	107,298	34,551	44,416	1,541,038	(1,541,038)	-	-	-	-
Total expenses	15,018,725	1,184,642	379,452	494,829	17,077,648	807,787	-	319,374	9,300	18,214,109
Change in net assets	\$ 5,603,905	\$ (22,925)	\$ 105,872	\$ (27,988)	\$ 5,658,864	\$ (601,682)	\$ -	\$ 225,682	\$ (7,616)	\$ 5,275,248

\* Some restricted contributions are initially recorded to the fundraising column and reclassified to the appropriate program services column as related expenses are incurred. As some of these reclassified restricted contributions are from prior years, this can result in a negative fundraising contribution total.

\*\* This line represents the Organization's application of a 10% de minimis indirect cost rate as allowed under Uniform Guidance for federal contracts. This allocation is not recognized for GAAP reporting in the statements of functional expenses and activities.

See independent auditor's report.

**SUNBEAM FAMILY SERVICES, INC.**  
**SUPPLEMENTARY SCHEDULE OF STATE FINANCIAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<u>State Grantor / Program Title</u>	<u>Contract Number</u>	<u>Award Period</u>	<u>Award Amount</u>	<u>Total State Revenues and Expenditures Recognized</u>
<u>Oklahoma State Department of Education</u>				
Passed through Community Action Project of Tulsa County, Inc. Oklahoma Early Childhood Program		July 1, 2020 - June 30, 2021	\$ 1,025,057	\$ 1,025,057
<u>Oklahoma Department of Human Services</u>				
Supported Foster Care Homes	16014577	July 1, 2020 - June 30, 2021	398,940	398,940
Child Care Subsidy Payments	20533, 30035, 30065, 30066	July 1, 2020 - June 30, 2021	592,719	592,719
Oklahoma Department of Commerce				
Passed-through Area-Wide Aging Agency Community Expansion of Nutrition Assistance		July 1, 2020 - June 30, 2021	6,385	6,385
			\$ 2,123,101	

See independent auditor's report.

REPORTS REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS*  
AND THE UNIFORM GUIDANCE



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Sunbeam Family Services, Inc.  
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Sunbeam Family Services, Inc. (“Sunbeam”) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 28, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Sunbeam’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 Sunbeam's internal control. Accordingly, we do not express an opinion on the effectiveness of Sunbeam's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Sunbeam’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an

HSPG & ASSOCIATES, PC

objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sunbeam's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sunbeam's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*HSPG & Associates, P.C.*

February 28, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

To the Board of Directors  
Sunbeam Family Services, Inc.  
Oklahoma City, Oklahoma

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

We have audited Sunbeam Family Services, Inc.'s ("Sunbeam") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sunbeam's major federal programs for the year ended June 30, 2021. Sunbeam's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Sunbeam's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sunbeam's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Sunbeam complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

HSPG & ASSOCIATES, PC

## Report on Internal Control Over Compliance

Management of Sunbeam is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sunbeam's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sunbeam's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*HSPG & Associates, P.C.*

February 28, 2022

**SUNBEAM FAMILY SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor / Pass- Through Grantor / Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed through to Sub-Recipients	Total Federal Expenditures
<u>United States Department of Health and Human Services</u>				
Head Start Cluster:				
COVID-19 - Early Head Start - Child Care Partnership	93.600	06HP000332	\$ -	\$ 195,273
Early Head Start - Child Care Partnership	93.600	06HP000332	98,628	4,083,335
COVID-19 - Early Head Start - Child Care Partnership Expansion	93.600	06HP000075	-	67,915
Early Head Start - Child Care Partnership Expansion	93.600	06HP000075	-	1,863,512
COVID-19 - Early Head Start - Child Care Partnership Expansion	93.600	06HP000119	-	130,230
Early Head Start - Child Care Partnership Expansion	93.600	06HP000119	-	5,393,606
COVID-19 - Early Head Start	93.600	06CH010877	-	90,514
Early Head Start	93.600	06CH010877	-	1,853,736
American Rescue Plan	93.600	06HE000092	-	3,248
Coronavirus Response and Relief Supplemental Appropriation	93.600	06HE000092	-	60,168
Passed-through Community Action Agency of Oklahoma City and Oklahoma/Canadian Counties, Inc.				
Head Start	93.600	06CH7196	-	508,148
Head Start cluster total			98,628	14,249,685
Passed-through Area-Wide Agency :				
COVID-19 - National Family Caregiver Support, Title III, Part E	93.052	PA# 15004956	-	74,305
National Family Caregiver Support, Title III, Part E	93.052	PA# 15004956	-	86,426
Total National Family Caregiver Support, Title III, Part E			-	160,731
Total U.S. Department of Health and Human Services			98,628	14,410,416
<u>United States Department of Agriculture</u>				
Passed-through Oklahoma State Department of Education:				
Child & Adult Care Food Program	10.558	DC-55-240 DC-55-1004	-	108,310
<u>Office of Victims of Crime</u>				
Victims of Crime Act	16.575	VA-GX-0003	-	110,066
			\$ 98,628	\$ 14,628,792

See notes to schedule of expenditures of federal awards.

**SUNBEAM FAMILY SERVICES, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Sunbeam Family Services, Inc. (“Sunbeam”) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the schedule presents only a selected portion of the operations of Sunbeam, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Sunbeam.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. INDIRECT COST RATES**

Sunbeam has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**SUNBEAM FAMILY SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**Section I--Summary of Auditor's Results**

*Financial statements*

Type of auditor's report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?  yes  no

Identification of major programs:

Program / Cluster	Assistance Living Number
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Head Start cluster	93.600
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**Section II-Findings Required to be Reported in Accordance with *Government Auditing Standards*:**

None to report for the June 30, 2021 period.

**Section III-Findings Required to be Reported in Accordance with the Uniform Guidance:**

None to report for the June 30, 2021 period.