

**Financial Statements
and Auditor's Report**

Oklahoma Outreach Foundation

December 31, 2009 and 2008

**Oklahoma Outreach Foundation
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Independent Auditor's Report

Board of Directors
Oklahoma Outreach Foundation

I have audited the accompanying statements of financial position of the Oklahoma Outreach Foundation (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma Outreach Foundation as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Carol A. Oliver, CPA

Oklahoma City, OK
June 9, 2010

Oklahoma Outreach Foundation
Statements of Financial Position
As of December 31, 2009 and 2008

<u>ASSETS</u>			
		<u>2009</u>	<u>2008</u>
Current Assets:			
Cash in bank	\$	110,107	\$ 143,233
Prepaid payroll		-	4,084
Total Current Assets		<u>110,107</u>	<u>147,317</u>
 Property and Equipment:			
Leasehold improvements		12,073	12,073
Furniture and fixtures		4,183	4,183
		<u>16,256</u>	<u>16,256</u>
Accumulated depreciation		(5,646)	(3,110)
Net Property and Equipment		<u>10,610</u>	<u>13,146</u>
Total Assets	\$	<u><u>120,717</u></u>	\$ <u><u>160,463</u></u>

<u>LIABILITIES AND NET ASSETS</u>			
Current Liabilities:			
Accounts payable	\$	1,939	\$ 1,896
Total Current Liabilities		<u>1,939</u>	<u>1,896</u>
 Net Assets			
Unrestricted		94,772	158,567
Temporarily restricted		24,006	-
Total Net Assets		<u>118,778</u>	<u>158,567</u>
Total liabilities and net assets	\$	<u><u>120,717</u></u>	\$ <u><u>160,463</u></u>

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

Oklahoma Outreach Foundation
Statements of Activities
For the Years Ended December 31, 2009 and 2008

	2009	2008
<u>Unrestricted Net Assets</u>		
Revenues and Support		
Contributions and grants	\$ 106,512	\$ 121,909
Special events	162,361	138,142
Tuition	26,760	25,470
Interest income	1,184	2,076
Released from restriction	20,994	-
Total Revenues and Support	317,811	287,597
Expenses		
Program services - Sober School	127,334	125,288
Program services - Other	167,432	116,800
Administrative	36,999	29,834
Fundraising	49,841	43,404
Total expenditures	381,606	315,326
Increase (decrease) in net assets	(63,795)	(27,729)
Unrestricted net assets		
Beginning of year	158,567	186,296
End of year	\$ 94,772	\$ 158,567
<u>Temporarily Restricted Net Assets</u>		
Contributions and grants received	\$ 45,000	\$ -
Released from restriction	(20,994)	-
Increase in temporarily restricted net assets	24,006	-
Temporarily restricted net assets - beginning of year	-	-
Temporarily restricted net assets - end of year	\$ 24,006	\$ -

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

Oklahoma Outreach Foundation
Statements of Functional Expenses
For the Years Ended December 31, 2009 and 2008

	Program Services			Total Program Services	Administrative	Fundraising	2009 Total (Memo Only)	2008 Total (Memo Only)
	Sober School	Programs-Other	Services					
Personnel Costs	65,892	7,824	73,716	18,576	-	92,292	86,467	
Bank charges	-	101	101	68	30	199	543	
Conferences and seminars	1,050	299	1,349	-	-	1,349	510	
Curriculum	10,019	-	10,019	-	-	10,019	6,961	
Depreciation	2,536	-	2,536	-	-	2,536	2,156	
Drug tests	1,116	-	1,116	-	-	1,116	490	
Dues and memberships	250	-	250	15	-	265	350	
Insurance	2,633	-	2,633	1,406	-	4,039	2,293	
Miscellaneous expense	-	-	-	150	-	150	26	
Postage	60	-	60	-	889	949	625	
Printing and reproduction	170	2,329	2,499	122	1,035	3,656	1,947	
Professional fees	1,665	-	1,665	16,662	-	18,327	9,960	
Rent	27,965	-	27,965	-	-	27,965	27,965	
Repairs and maintenance	3,423	-	3,423	-	-	3,423	1,357	
Scholarships	-	156,879	156,879	-	-	156,879	122,800	
Special events	-	-	-	-	46,796	46,796	43,404	
Student events and fieldtrips	1,494	-	1,494	-	-	1,494	-	
Supplies	2,763	-	2,763	-	69	2,832	1,900	
Telephone and internet	2,188	-	2,188	-	-	2,188	1,379	
Travel	389	-	389	-	1,022	1,411	-	
Utilities	3,721	-	3,721	-	-	3,721	4,193	
Total expenditures	127,334	167,432	294,766	36,999	49,841	381,606	315,326	

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

Oklahoma Outreach Foundation
Statements of Cash Flows
For the Years Ended December 31, 2009 and 2008

	2009	2008
Cash Flows from Operating Activities:		
Cash received from contributors, grantors, students, etc.	\$ 312,668	\$ 247,806
Cash paid to suppliers and management companies	(346,978)	(281,393)
Interest received	1,184	2,076
Net cash provided by (used for) operating activities	(33,126)	(31,511)
Cash Flows from Investing Activities:		
Cash paid for purchase of property and equipment	-	(163)
Net cash provided by (used for) investing activities	-	(163)
Net increase (decrease) in cash and cash equivalents	(33,126)	(31,674)
Cash - beginning of year	143,233	174,907
Cash - end of year	\$ 110,107	\$ 143,233
Schedule Reconciling Increase (Decrease) in Net Assets to Net Cash Provided by (Used For) Operating Activities		
Increase (decrease) in net assets	\$ (39,789)	\$ (27,729)
Adjustments to reconcile excess revenue to net cash provided by (used for) operating activities:		
Depreciation	2,536	2,156
(Increase) decrease in prepaid expenses	4,084	(4,084)
(Increase) decrease in donated assets	-	(3,750)
Increase (decrease) in accounts payable	43	1,896
Total adjustments	6,663	(3,782)
Net cash provided by (used for) operating activities	\$ (33,126)	\$ (31,511)

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

Oklahoma Outreach Foundation
Notes to Financial Statements
December 31, 2009 and 2008

Note 1 – Nature of Organization

Oklahoma Outreach Foundation was formed in 2000 to support treatment and recovery for teens experiencing chemical dependency on alcohol and other drugs. The Foundation provides scholarships for inpatient and outpatient programs to families who cannot otherwise afford treatment.

In 2006 the Foundation opened the Oklahoma Outreach Sober School as a continuum of care for teens who have attended treatment for addictions and who have a true desire to actively commit to a sober lifestyle. The school has a capacity of up to 15 students.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements have been prepared using the accrual method of accounting. This method records revenues and related assets when earned, and records expenses and related liabilities when the obligations are incurred.

Basis of Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No.117, the Foundation is required to report information regarding three classes of net assets as follows:

Unrestricted net assets – net assets not subject to donor stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported on the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. There were no permanently restricted net assets as of December 31, 2009 and 2008.

Recognition of donor restrictions:

Revenue that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is received. All other donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Oklahoma Outreach Foundation
Notes to Financial Statements
December 31, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents:

Cash and Cash Equivalents include checking accounts and all liquid investments with an original maturity of three months or less.

Property and Equipment:

Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Furniture and equipment are depreciated over five to ten years. Purchased assets are stated at cost. Donated assets are stated at their estimated fair market value at the date received. The Foundation capitalizes assets purchased and donated with an estimated life of greater than one year and cost or fair market value in excess of \$1,000.

Estimates:

The preparation of a financial statement 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 statement. Actual results could differ from those estimates.

Income Taxes:

The Foundation is a non-profit entity and is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements.

Comparative Financial Information:

The total columns on the statement of functional expenses are captioned “Memo Only” to indicate that they are presented only to facilitate financial analysis. These columns do not present functional expenses in conformity with generally accepted accounting principles. Certain 2008 amounts have been reclassified to conform to 2009 financial statement presentation.

Expense Allocation:

The costs associated with various functions and activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the functions benefited.

Oklahoma Outreach Foundation
Notes to Financial Statements
December 31, 2009 and 2008

Note 3 – Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Scholarships-Tulsa and Dallas/Fort Worth area Students	\$ 5,500	\$ 0
Sober School Educational Programs	18,506	0
Total	<u>\$ 24,006</u>	<u>\$ 0</u>

Note 4 – Related Party Transactions

The Foundation awards scholarships for inpatient and outpatient services. A board member from the Foundation has ownership interest in four of the facilities in which the Foundation awards scholarships. During 2009 and 2008, the Foundation paid a total of \$123,600 and \$94,100 respectively to these four facilities. As of December 31, 2009 and 2008, there were no amounts owed to these facilities. Services for the Foundation scholarships are provided at a 50% discounted rate. This board member abstains from any discussion or votes regarding the Foundation's use of funds for use in these facilities. This board member's term expires in December 2010.

Note 5 – Contributed Rent

The use of the building for the Sober School is contributed to the Foundation. The estimated rental value is included on the financial statements as contributions income and rent expense. The amount recorded is based on rental value of similar space in the surrounding area. The amount recorded as rent expense during 2009 and 2008 was \$27,965 and \$27,965, respectively.

Note 6 – Subsequent Events

Subsequent events were evaluated through June 9, 2010, which is the date the financial statements were available to be issued. No events occurred which would affect the amounts on the financial statements.