

***Oklahoma Child Care Resource and
Referral Association, Inc.***
Oklahoma City, Oklahoma

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

For the Year Ended June 30, 2016

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OKLAHOMA CHILD CARE RESOURCE AND REFERRAL ASSOCIATION, INC.
Oklahoma City, Oklahoma

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June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oklahoma Child Care Resource and Referral Association, Inc.

We have audited the accompanying financial statements of Oklahoma Child Care Resource and Referral Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 financial position of Oklahoma Child Care Resource and Referral Association, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. In addition, the accompanying supplemental information, as listed in the preceding table of contents, is presented for purposes of additional analysis and is 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 January 9, 2017 on our consideration of Oklahoma Child Care Resource and Referral Association, Inc.'s internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 Oklahoma Child Care Resource and Referral Association, Inc.'s internal control over financial reporting and compliance.



SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

January 9, 2017

FINANCIAL STATEMENTS

OKLAHOMA CHILD CARE RESOURCE AND REFERRAL ASSOCIATION, INC.
Oklahoma City, Oklahoma

STATEMENT OF FINANCIAL POSITION

June 30, 2016

ASSETS

Current Assets

Cash	\$ 79,085
Grants and Contracts Receivable	576,394
Prepaid Expenses	7,604
Total Current Assets	<u>663,083</u>

Fixed Assets

Furniture and Equipment	52,056
Less: Accumulated Depreciation	(49,974)
Total Fixed Assets	<u>2,082</u>

Other Assets

Security Deposit	<u>2,075</u>
Total Other Assets	<u>2,075</u>

TOTAL ASSETS \$ 667,240

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 9,680
Due to Subrecipients	481,167
Accrued Compensated Absences	11,540
Payroll Liabilities	510
Total Current Liabilities	<u>502,897</u>

Net Assets

Unrestricted	159,415
Temporarily Restricted	4,928
Total Net Assets	<u>164,343</u>

TOTAL LIABILITIES AND NET ASSETS \$ 667,240

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

OKLAHOMA CHILD CARE RESOURCE AND REFERRAL ASSOCIATION, INC.
Oklahoma City, Oklahoma

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES AND GAINS</u>			
Oklahoma Department of Human Services	\$ 2,030,129	\$ 0	\$ 2,030,129
Contributions	4,976	0	4,976
Fee for Service	13,186	0	13,186
Other Revenue	40	0	40
Interest	37	0	37
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	1,750	(1,750)	0
Total Revenue and Gains	<u>2,050,118</u>	<u>(1,750)</u>	<u>2,048,368</u>
 <u>EXPENSES AND LOSSES</u>			
Administrative	198,805	0	198,805
Program Services	<u>1,842,165</u>	<u>0</u>	<u>1,842,165</u>
Total Expenses and Losses	<u>2,040,970</u>	<u>0</u>	<u>2,040,970</u>
Change in Net Assets	9,148	(1,750)	7,398
Net Assets at Beginning of Year	<u>150,267</u>	<u>6,678</u>	<u>156,945</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 159,415</u>	<u>\$ 4,928</u>	<u>\$ 164,343</u>

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

OKLAHOMA CHILD CARE RESOURCE AND REFERRAL ASSOCIATION, INC.
Oklahoma City, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2016

<u>EXPENSES</u>	<u>Administrative</u>	<u>Program Services</u>	<u>Total</u>
Salaries and Wages	\$ 121,052	\$ 160,465	\$ 281,517
Payroll Taxes	9,057	12,006	21,063
Employee Benefits	25,343	33,595	58,938
Professional Fees/Consultant	0	17,135	17,135
Occupancy	11,859	15,720	27,579
Equipment	4,526	6,000	10,526
Insurance	2,734	3,625	6,359
Communications	5,151	6,828	11,979
Travel/Training	8,160	10,816	18,976
Postage/Printing	3,150	4,175	7,325
Supplies	1,212	1,607	2,819
Audit	4,558	6,042	10,600
Resource Material	0	4,775	4,775
Advertising	0	373	373
Memberships/Subscriptions	0	2,179	2,179
Board Development	545	723	1,268
NACCRRAware	0	15,336	15,336
Depreciation Expense	537	711	1,248
Other	921	1,220	2,141
Subrecipient Payments - Contracts	0	1,538,834	1,538,834
TOTAL EXPENSES	\$ <u>198,805</u>	\$ <u>1,842,165</u>	\$ <u>2,040,970</u>

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

OKLAHOMA CHILD CARE RESOURCE AND REFERRAL ASSOCIATION, INC.
Oklahoma City, Oklahoma

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2016

Cash Flows From Operating Activities

Change in Net Assets		\$	7,398
Adjustments to reconcile change in net assets to net cash:			
Depreciation	\$	1,248	
(Increase) Decrease in Receivables		(191,675)	
(Increase) Decrease in Prepaid Expenses		2,802	
Increase(Decrease) in Accounts Payable and Accrued Expenses		(1,479)	
Increase (Decrease) in Due to Subrecipients		137,477	
Increase (Decrease) in Accrued Compensated Absences		(3,806)	
Increase (Decrease) in Accrued Payroll Taxes	\$	<u>(1,830)</u>	
			<u>(57,263)</u>
Net Cash Flows From Operations			<u>(49,865)</u>

Cash Flows From Investing Activities

Net Cash Flows From Investing Activities			<u>(3,330)</u>
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Cash Flows From Financing Activities

Net Cash Flows From Financing Activities			<u>0</u>
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Net Increase (Decrease) in Cash			(53,195)
Cash Balance, June 30, 2015			<u>132,280</u>
CASH BALANCE, JUNE 30, 2016	\$		<u><u>79,085</u></u>

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

OKLAHOMA CHILD CARE RESOURCE AND REFERRAL ASSOCIATION, INC.
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Oklahoma Child Care Resource and Referral Association, Inc. was organized to help achieve a quality child care system accessible to all Oklahoma families. Revenues are derived primarily from a contract with the Oklahoma Department of Human Services.

Financial Statement Presentation – The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets depending on the existence or nature of any donor restrictions. At June 30, 2016, the organization had no permanently restricted net assets. Temporarily restricted net assets, which met restriction requirements in the year they were received have been recorded as unrestricted.

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 liabilities.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Equipment expenditures in excess of \$1,000 are capitalized at cost or fair market value, if donated. Depreciation is recorded using the straight-line method over the useful lives of the assets. Current year depreciation expense totaled \$1,248.

Cash and Cash Equivalents – Cash consists of cash on hand and demand deposits maintained at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposits are carried at cost. Bank balances at year-end are categorized as follows to give an indication of the level of risk assumed by the organization.

<u>Category</u>	<u>Unreconciled Bank Balance</u>
1. Insured or collateralized with securities held by the organization or by its agent in the organization's name.	\$ 89,740
2. Collateralized with securities held by the pledging financial institution's trust department.	0
3. Uncollateralized	0
	<u>\$ 89,740</u>

Differences between the carrying amount and bank balance consists of deposits in transit and outstanding checks.

Income Taxes and Uncertain Tax Positions

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

OKLAHOMA CHILD CARE RESOURCE AND REFERRAL ASSOCIATION, INC.
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The Organization has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believe that income tax filing positions will be sustained upon examination and do not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2016.

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

Date of Management Evaluation – Management of OCCRRA has evaluated subsequent events through January 9, 2017, which is the date the financial statements were available to be issued.

NOTE 2: GRANTS AND CONTRACTS RECEIVABLE

As of June 30, 2016 accounts receivable from grants and contracts was composed of:

Child Care and Development Block Grant	\$ <u>576,394</u>
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Receivables are deemed by management to be fully collectible; therefore, no provision for bad debt expense or valuation allowances has been recorded.

NOTE 3: PREPAID EXPENSES

Prepaid expenses consist of insurance premiums and rental expense which relate to the next fiscal year.

NOTE 4: COMPENSATED ABSENCES

Employees are allowed to accrue up to 160 hours of PTO. Once the amount has capped, the overage goes into a "sick" bank and can only be used once PTO is depleted and for sickness only. The cap on the "sick" bank is 280 hours and is not available for payout upon leaving the organization. The liability for compensated absences at June 30, 2016, as reflected on the accompanying statement of financial position totaled \$11,540.

Employees who reach the cap of 160 hours of PTO and 280 hours of sick leave may transfer unused time into a Community Leave Bank (CLB). The CLB can accrue a maximum of 500 hours. Once deposited in the CLB, leave may only be accessed under the policies of the CLB and is no longer "owned" by the donating employee. Individual employees who have exhausted all leave time and who have been absent from work at least 80 hours due to personal sickness, may access the CLB. No one employee may use more than 160 hours of CLB time in a rolling twelve month period.

OKLAHOMA CHILD CARE RESOURCE AND REFERRAL ASSOCIATION, INC.
Oklahoma City, Oklahoma

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

NOTE 5: ECONOMIC DEPENDENCY

The organization receives its revenue from funds provided through grants administered by the Oklahoma Department of Human Services. The grant amounts are appropriated each year by the state. If significant budget cuts are made at the federal or state level, the amount of funds the organization 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 funding the organization will receive in the next fiscal year.

NOTE 6: COMMITMENTS AND CONTINGENCIES

The organization participates in a federally funded program, which is subject to review and audit by the Oklahoma Department of Human Services. Such an audit could result in a request for reimbursement by the granting agency for expenditures disallowed under the terms and conditions of the grant. In the opinion of management, such disallowances, if any, would not be material to the financial statements.

NOTE 7: RETIREMENT PLAN

The organization established a simple IRA plan that began in October 2004. All employees are eligible, after completing the 90 day introductory period, to participate in the plan. The organization makes a non-elective contribution of 2% of the employee's salary. Retirement expense for the year ended June 30, 2016 was \$5,644.

NOTE 8: LEASES

Oklahoma Child Care Resource and Referral Association, Inc. is party to the following operating leases.

- Occupancy lease agreement. Term of lease is for 48 months (January 2011-December 2015) with a base rental of \$2,130 per month. The lease was extended for 36 months (January 2015 – December, 2017) with the first two years at \$2,300 per month and \$2,345 for the final year. The lease is cancelable should OCCRRA lose its funding.
- Lease agreements for a copier and a copier/printer. Payments are \$500 per month for 63 months through June 2019.
- Lease agreement for storage space. Lease began December 12, 2008 with monthly payments of \$30. Lease is on a month to month basis.

Minimum future rental payments under non-cancelable leases having remaining terms in excess of one year at June 30, 2016 are as follows:

June 30, 2017	\$ 6,000
June 30, 2018	6,000
June 30, 2019	<u>6,000</u>
	\$ <u>18,000</u>

Rental expense for all leases totaled \$34,512 for the fiscal year ended June 30, 2016.

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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
Oklahoma Child Care Resource and Referral Association, Inc.

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 financial statements of Oklahoma Child Care Resource and Referral Association, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related 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 January 9, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oklahoma Child Care Resource and Referral Association, Inc.'s internal control over financial reporting (internal control) to determine the 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 Oklahoma Child Care Resource and Referral Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Oklahoma Child Care Resource and Referral Association, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 Oklahoma Child Care Resource and Referral Association, Inc.'s financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an 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 Oklahoma Child Care Resource and Referral Association, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oklahoma Child Care Resource and Referral Association, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Saunders & Associates, PLLC

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

January 9, 2017

Saunders & Associates, PLLC

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

To the Board of Directors
Oklahoma Child Care Resource and Referral Association, Inc.

Report on Compliance for Each Major Program

We have audited Oklahoma Child Care Resource and Referral Association, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Oklahoma Child Care Resource and Referral Association, Inc.'s major federal programs for the year ended June 30, 2016. Oklahoma Child Care Resource and Referral Association, Inc.'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 the requirements of 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 Oklahoma Child Care Resource and Referral Association, Inc.'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 Oklahoma Child Care Resource and Referral Association, Inc.'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 Oklahoma Child Care Resource and Referral Association, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Oklahoma Child Care Resource and Referral Association, Inc. 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, 2016.

Report on Internal Control Over Compliance

Management of Oklahoma Child Care Resource and Referral Association, Inc. 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 Oklahoma Child Care Resource and Referral Association, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a 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 the 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 Oklahoma Child Care Resource and Referral Association, Inc.'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.

Saunders & Associates, PLLC

SAUNDERS & ASSOCIATES, PLLC
Certified Public Accountants
Ada, Oklahoma

January 9, 2017

SUPPLEMENTAL INFORMATION

OKLAHOMA CHILD CARE RESOURCE AND REFERRAL ASSOCIATION, INC.
Oklahoma City, Oklahoma

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

<u>Federal Grantor/Pass-Through Agency</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Pass-Through Subrecipients</u>	<u>Expendi- tures</u>
<u>U.S. Department of Health & Human Services</u>				
Passed through the Oklahoma Department of Human Services:				
Child Care and Development Block Grant	93.575	07026565	\$ 1,538,834	\$ <u>2,030,129</u>
TOTAL FEDERAL AWARDS				\$ <u>2,030,129</u>

* See accompanying notes to schedule.

OKLAHOMA CHILD CARE RESOURCE AND REFERRAL ASSOCIATION, INC.
Oklahoma City, Oklahoma

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Oklahoma Child Care Resource and Referral Association, Inc. (OCCRRA), under programs of the federal government for the year ended June 30, 2016. The information in the schedule of expenditures of federal awards is presented in accordance with the requirement of the 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 OCCRRA, it is not intended to and does not present the financial position, changes in net assets or cash flows.

NOTE 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 on the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: CONTINGENT LIABILITIES

OCCRRA participates in a federally assisted program. This program is audited in accordance with *Government Auditing Standards* and the *Single Audit Act Amendments of 1996*, if applicable, in accordance with the required levels of Federal Financial Assistance. Audits of prior years have not resulted in any significant disallowed costs. Additionally, the grant programs are subject to audits by the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of the funds. Management believes that any liability for reimbursement which may arise as the result of audits of grant funds would not be material.

NOTE 4: EXPENDITUES OF FEDERAL AWARDS

The federal award expenditures of \$2,030,129 included payments paid to subrecipients of \$1,538,834.

NOTE 5: INDIRECT COSTS

OCCRRA has elected not to use the 10 percent de minimis indirect cost rate as allowed under the *Uniform Guidance*.

STATUS OF PRIOR YEAR AUDIT FINDINGS

June 30, 2016

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

OKLAHOMA CHILD CARE RESOURCE AND REFERRAL ASSOCIATION, INC.
Oklahoma City, Oklahoma

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

Section 1 – 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 deficiencies identified not considered to be material weaknesses? 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 deficiencies identified 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 the Uniform Guidance?
 Yes No

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? Yes No

Identification of Major Programs:

<u>CFDA #</u>	<u>PROGRAM TITLE</u>
93.575	Child Care and Development Block Grant

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.