

WINGS Special Needs
Community, Inc.

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDING
DECEMBER 31, 2022 and 2021

BELL & RHODES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
OKLAHOMA CITY, OKLAHOMA

BELL & RHODES, P.C.

Certified Public Accountants

14220 Barbour Avenue

Oklahoma City, OK 73134

INDEPENDENT AUDITOR'S REPORT

Ms. Cheri Weaver and the Board of Directors
WINGS Special Needs Community, Inc.
13700 North Eastern Avenue
Edmond, Oklahoma 73013

Opinion

We have audited the accompanying financial statements of WINGS Special Needs Community, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WINGS Special Needs Community, Inc. as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WINGS Special Needs Community, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WINGS Special Needs Community, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 WINGS Special Needs Community, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WINGS Special Needs Community, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Bell & Howbe, P.C.

December 6, 2023

WINGS Special Needs Community, Inc.
Statements of Financial Position
As of December 31, 2022 and 2021

| | 2022 | 2021 |
|---|----------------------|---------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,320,611 | \$ 731,717 |
| Accounts receivable | 221,016 | 499,514 |
| Pledges receivable | 97,000 | 97,000 |
| Prepaid expenses | 42,041 | 25,112 |
| Total Current Assets | 1,680,668 | 1,353,343 |
| Assets restricted by donors and the Board | | |
| Cash and cash equivalents | 12,969,941 | 1,447,249 |
| Pledges receivable (Net of allowance of \$892,807, \$0 in 2021) | 1,139,614 | 2,242,265 |
| Restricted assets | 14,109,555 | 3,689,514 |
| Fixed assets | | |
| Land | 1,345,189 | 1,345,189 |
| Furniture and fixtures | 67,984 | 59,072 |
| Leasehold improvements | 70,335 | 64,411 |
| Transportation equipment | 90,693 | 48,703 |
| | 1,574,201 | 1,517,375 |
| Accumulated depreciation | (147,196) | (103,859) |
| Net property and equipment | 1,427,005 | 1,413,516 |
| Operating lease-right of use (net of amortization of \$79,208) | 158,416 | - |
| Deposits | 5,000 | 5,000 |
| Intangible assets | 10,250 | 10,250 |
| Construction in progress-residential commercial development | 134,027 | 110,552 |
| Beneficial interest in assets held by others | 138,100 | 99,708 |
| Total Assets | \$ 17,663,021 | \$ 6,681,883 |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 52,975 | \$ 151,674 |
| Accrued liabilities | 30,073 | 24,059 |
| Right-of-use operating lease-current portion | 79,203 | - |
| Deferred revenue - fundraising events | 55,000 | 59,300 |
| Tuition and event center prepayments | 35,265 | 15,525 |
| Total Current Liabilities | 252,516 | 250,558 |
| Right-of-use operating lease | 80,398 | - |
| Total liabilities | 332,914 | 250,558 |
| Net Assets | | |
| Net assets without donor restrictions | 2,391,923 | 2,642,103 |
| Board restricted: | | |
| Residential community - land and infrastructure | 123,110 | 123,110 |
| Operating reserve | 700,000 | 700,000 |
| Held by others | 138,100 | 99,708 |
| Total board restricted | 961,210 | 922,818 |
| Net assets with donor restrictions | 13,976,974 | 2,866,404 |
| Total Net Assets | 17,330,107 | 6,431,325 |
| Total Liabilities and Net Assets | \$ 17,663,021 | \$ 6,681,883 |

WINGS Special Needs Community, Inc.
Statement of Activities and Changes in Net Assets
For the Years Ended December 31, 2022 and 2021

| | 2022 | | | |
|--|------------------------------|---------------------|---------------------------|----------------------|
| | Without Donor Restriction | Board Restricted | With Donor Restriction | Total |
| Revenue and Other Support | | | | |
| Contributions | \$ 821,566 | \$ - | \$ 11,344,284 | \$ 12,165,850 |
| Donated goods and services | 83,606 | - | - | 83,606 |
| Fundraising special event revenue | 809,147 | - | - | 809,147 |
| Cost of direct benefit to donors-fundraising | (153,665) | - | - | (153,665) |
| Tuition | 441,882 | - | - | 441,882 |
| Event center (net of \$23,879 in costs) | 29,604 | - | - | 29,604 |
| Interest income | 45,082 | - | - | 45,082 |
| Other income (loss) | 9,557 | - | - | 9,557 |
| Net assets released from restrictions | <u>233,714</u> | - | <u>(233,714)</u> | - |
| Total Revenue and other Support | 2,320,493 | - | 11,110,570 | 13,431,063 |
| Expenses | | | | |
| Program services: | 951,126 | - | - | 951,126 |
| Management & general | 1,100,969 | - | - | 1,100,969 |
| Fundraising | <u>458,578</u> | - | - | <u>458,578</u> |
| Total expenses | <u>2,510,673</u> | - | - | <u>2,510,673</u> |
| Change in net assets from operations | (190,180) | - | 11,110,570 | 10,920,390 |
| Change in value - assets held by others | - | (21,608) | - | (21,608) |
| Board restriction of funds-transfer | (60,000) | 60,000 | - | - |
| Net assets at beginning of year | <u>2,642,103</u> | <u>922,818</u> | <u>2,866,404</u> | <u>6,431,325</u> |
| Net assets at end of year | <u>\$ 2,391,923</u> | <u>\$ 961,210</u> | <u>\$ 13,976,974</u> | <u>\$ 17,330,107</u> |

WINGS Special Needs Community, Inc.
Statements of Activity and Changes in Net Assets
For the Years Ended December 31, 2022 and 2021

| | 2021 | | | |
|--|------------------------------|---------------------|---------------------------|--------------|
| | Without Donor Restriction | Board Restricted | With Donor Restriction | Total |
| Revenue and Other Support | | | | |
| Contributions | \$ 460,422 | \$ - | \$ 2,787,211 | \$ 3,247,633 |
| Grants and sponsorships | 155,900 | - | 78,925 | 234,825 |
| Fundraising special event revenue | 669,389 | - | - | 669,389 |
| Cost of direct benefit to donors-fundraising | (149,787) | - | - | (149,787) |
| Tuition | 385,833 | - | - | 385,833 |
| Event center, net of \$19,203 related costs | 38,996 | - | - | 38,996 |
| Investment income | 3,891 | - | - | 3,891 |
| Other income (loss) | 3,575 | - | - | 3,575 |
| Net assets released from restrictions | 1,551,539 | (1,382,463) | (169,076) | - |
| Total Revenue and other Support | 3,119,758 | (1,382,463) | 2,697,060 | 4,434,355 |
| Expenses | | | | |
| Program services: | 819,559 | - | - | 819,559 |
| Management & general | 142,851 | - | - | 142,851 |
| Fundraising | 350,125 | - | - | 350,125 |
| Total expenses | 1,312,535 | - | - | 1,312,535 |
| Change in net assets from operations | 1,807,223 | (1,382,463) | 2,697,060 | 3,121,820 |
| Change in value - assets held by others | - | 12,119 | - | 12,119 |
| Net assets at beginning of year | 834,880 | 2,293,162 | 169,344 | 3,297,386 |
| Net assets at end of year | \$ 2,642,103 | \$ 922,818 | \$ 2,866,404 | \$ 6,431,325 |

WINGS Special Needs Community, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

| | 2022 | 2021 |
|---|---------------|--------------|
| Cash Flows from Operating Activities | | |
| Change in net assets from operations | \$ 10,920,390 | \$ 3,121,820 |
| Adjustments to reconcile change in net assets to cash provided by operating activities: | | |
| Depreciation expense | 43,337 | 33,227 |
| Amortization-Right of use | 79,208 | - |
| Increase in allowance for doubtful accounts | 892,807 | - |
| Decrease (increase) in accounts receivable | 278,498 | (407,724) |
| Decrease (Increase) in pledges receivable | - | (30,000) |
| Increase in prepaid expenses | (16,929) | (2,786) |
| Decrease (Increase) in restricted pledges - capital campaign | 209,844 | (2,242,265) |
| Increase (decrease) in accounts payable | (98,699) | 128,856 |
| Increase in accrued liabilities | 6,014 | 9,624 |
| Increase in tuition and event center prepayments | 15,440 | 29,770 |
| Net cash provided by operating activities | 12,329,910 | 640,522 |
| Cash Flows from Investing Activities | | |
| Purchases of property and equipment | (56,826) | (8,243) |
| Purchase of land | - | (1,301,481) |
| Construction in progress - residential community | (23,475) | (95,677) |
| Purchase of intangible asset - website | - | (10,250) |
| Net cash applied to investing activities | (80,301) | (1,415,651) |
| Cash Flows from Financing Activities | | |
| Principle payments on right-of-use liability | (78,023) | - |
| Transfer to Oklahoma City Community Foundation | (60,000) | (15,000) |
| Net cash applied to financing activities | (138,023) | (15,000) |
| Net change in cash and cash equivalents and restricted cash | 12,111,586 | (790,129) |
| Cash, restricted cash and cash equivalents-beginning of year | 2,178,966 | 2,969,095 |
| Cash, restricted cash and cash equivalents-end of year | \$ 14,290,552 | \$ 2,178,966 |
| Cash and cash equivalents-Current Assets | \$ 1,320,611 | \$ 731,717 |
| Cash and cash equivalents-Restricted Assets | 12,969,941 | 1,447,249 |
| Total cash and cash equivalents | \$ 14,290,552 | \$ 2,178,966 |

WINGS Special Needs Community, Inc.
Statement of Functional Expenses
For the Years Ended December 31, 2022 and 2021

| | Program Expenses | Support Activities | | Total Expenses |
|---|-------------------|------------------------|-------------------|---------------------|
| | | Management and General | Fundraising | |
| For the year ended December 31, 2022 | | | | |
| Wages, payroll taxes and employee benefits | \$ 529,095 | \$ 147,958 | \$ 243,718 | \$ 920,771 |
| Program supplies and expenses | 128,411 | - | - | 128,411 |
| Building expenses | 55,187 | 1,840 | 4,293 | 61,320 |
| Right-of-use amortization expense | 71,287 | 2,376 | 5,545 | 79,208 |
| Insurance expense | 21,751 | 5,004 | 3,900 | 30,655 |
| Marketing expense | 21,623 | - | - | 21,623 |
| Capital campaign expense | - | - | 44,544 | 44,544 |
| Professional service expenses | - | 40,000 | 26,500 | 66,500 |
| Depreciation | 39,003 | 1,300 | 3,034 | 43,337 |
| Bad debt expense | - | 899,007 | - | 899,007 |
| Right-of-use interest expense | 2,275 | 76 | 157 | 2,508 |
| Other | 82,494 | 3,408 | 126,887 | 212,789 |
| | <u>\$ 951,126</u> | <u>\$ 1,100,969</u> | <u>\$ 458,578</u> | <u>\$ 2,510,673</u> |
| For the year ended December 31, 2021 | | | | |
| Wages, payroll taxes and employee benefits | \$ 513,813 | \$ 100,102 | \$ 148,289 | \$ 762,204 |
| Program supplies and expenses | 108,770 | - | - | 108,770 |
| Rent and building expenses | 110,141 | 1,662 | 3,325 | 115,128 |
| Insurance expense | 22,725 | 2,193 | 3,242 | 28,160 |
| Marketing expense | - | - | 89,385 | 89,385 |
| Capital campaign expense | - | - | 71,270 | 71,270 |
| Professional service expenses | - | 36,000 | 16,025 | 52,025 |
| Depreciation | 31,803 | 475 | 949 | 33,227 |
| Other | 32,307 | 2,419 | 17,640 | 52,366 |
| | <u>\$ 819,559</u> | <u>\$ 142,851</u> | <u>\$ 350,125</u> | <u>\$ 1,312,535</u> |

WINGS Special Needs Community, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

1. Nature of Activities

WINGS A Special Needs Community (WINGS), a 501(c)(3) nonprofit organization, incorporated in the State of Oklahoma in 2004, and was established with a mission to enhance the lives of adults with diverse developmental disabilities, through social, vocational, and residential programs guided by principles of the Bible. WINGS is accredited by the National Commission for Special Educational Services based on its educational and vocational opportunities which can lead to independent living. WINGS is the only special needs organization in Oklahoma that has been awarded this set of credentials. WINGS served 75 Members in the full time, five day a weekday Program and increased its impact through the monthly Social Club dinner and dance serving approximately 80.

2. Significant Accounting Policies

- a. 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, unless related to specific fundraising events. In that case, such expenses are recognized at the time of the fundraising event.
- b. Basis of presentation – The financial statements report information regarding WING’s financial position and activities according to two classes – donor restricted net assets and unrestricted net assets. The Board of Directors further restricts net assets not restricted by donors based on its policy to maintain a six-month cash operating reserve and for future residential community development, as discussed more fully below.

In 2019, WINGS adopted new guidance for restricted cash (Topic 230-10-50-7) effective January 1, 2019, as it relates to the presentation of restricted cash in the Statement of Cash Flows. The guidance requires the Statement of Cash Flows present the changes in cash, cash equivalents and restricted cash rather than just cash and cash equivalents and requires a reconciliation of the amounts used in the Statement of Cash Flows to those presented in the Balance Sheet.

- c. Cash equivalents – WINGS considers all highly liquid investments with a maturity, when purchased, of 90 days or less to be cash equivalents.
- d. Donated assets and services (nonfinancial contributions) – Non-cash donations with readily determinable fair values are recorded as contributions at their estimated fair values at the date of the donation.

Individuals, businesses, and other organizations donate substantial amounts of goods and services (primarily donated art and food for fundraising events and programming). To the extent that such donations are made under the control of WINGS, are objectively measurable, and represent expenditures which would otherwise be incurred by WINGS, they are reflected as contributions and generally fundraising/program expense.

WINGS Special Needs Community, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

2. Significant Accounting Policies – Continued

However, a significant amount of these donations cannot be objectively measured and thus no amount has been reflected in donated goods and services in the accompanying financial statements for these nonfinancial contributions.

WINGS receives donated services from unpaid volunteers who assist in programs and special projects. No amounts have been recognized in the Statement of Activities because the criteria for recognition under accounting principles generally accepted in the United States of America has not been met.

- e. Revenue recognition – Contributions are recognized when the donor makes an unconditional pledge to give to WINGS. All contributions are available for unrestricted use unless specifically restricted by the donor or restricted by the Board of Directors. Conditional pledges to give are recorded when the conditions on which they depend are substantially met or the asset placed in service. Unconditional pledges to give are recorded at their net present value, using risk-free interest rates applicable to the period in which the promises are to be received.

Revenue is recognized when earned. Fundraising revenues are deferred to the applicable period in which the related special event occurs.

- f. Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Assets, Liabilities and Net Assets. Fair values are based on quoted market prices or otherwise determined as provided by financial institutions or fund managers, which approximates fair value. Investments in certificate of deposits are valued at cost plus earned and accrued interest. Investment income and gains and losses are reported as unrestricted unless a specific restriction applies.
- g. Property and equipment and leasehold improvements – Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. WING’s capitalization threshold is \$1,000 for assets acquired with an economic life of greater than one year. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from three to seven years. Leasehold improvements are amortized over the lesser of the life of the asset or the life of the lease.
- h. Depreciation expense was \$43,337 and \$33,227 in 2022 and 2021, respectively.

WINGS Special Needs Community, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

2. Significant Accounting Policies – Continued

- i. Concentrations of credit and operating risk – WINGS maintains cash in bank deposit accounts and certificate of deposits, which, at times, may exceed federally insured limits. Subsequent to December 31, 2019, WINGS entered into agreements with two of its institutions with funds held in excess of FDIC insured limits (Excess Funds) whereby these Excess Funds are swept daily to other institutions where WINGS does not directly hold funds. These agreements serve to fully cover Excess Funds with FDIC insurance. WINGS has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on such accounts.

WINGS also currently serves adults primarily in Central Oklahoma. As a result, support of the organization is highly dependent upon the general economic conditions in this area.

The risk of near-term severe impact on the operations and mission of the organization as a result of this concentration is unknown however is believed to be moderated by the diversity of its supporters and donor base.

- j. Income tax status – WINGS is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Code as a publicly-supported organization rather than a private foundation. WINGS is subject to routine audits by taxing authorities, with the Form 990, Return of Organization Exempt from Income Taxes, open for audit for the years ended December 31, 2022, 2021, and 2020. None of WINGS Federal or state income tax returns are currently under examination by the Internal Revenue Service or the Oklahoma Tax Commission.
- k. Functional allocation of expenses – The costs of providing various programs and other activities have been summarized in the accompanying Statement of Activities. Costs, which are not direct, are allocated between Programs, Fundraising, and Management and General based on evaluations of those costs and the related activities benefitted. Many overhead costs are allocated based upon the square footage of our facility associated with such activity while other costs are based upon management’s best estimate of the time and effort devoted to such activity.
- l. Advertising and Marketing- Advertising and marketing costs are expensed as incurred and totaled \$21,623 and \$89,385 for the years ended December 31, 2022 and 2021, respectively.
- m. Use of estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

WINGS Special Needs Community, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

3. Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. The annual amortization of the discounts is included in contribution revenue.

Included in "Contributions receivable" are the following unconditional promises:

| | 2022 | 2021 |
|------------------------------|--------------|--------------|
| Capital Campaign | \$ 1,139,614 | \$ 2,242,265 |
| Restricted to future periods | 97,000 | 97,000 |
| Total | 1,236,614 | 2,339,265 |
| | | |
| Amounts due in: | | |
| Less than one year | \$ 603,325 | \$ 709,320 |
| One to five years | 633,289 | 1,629,945 |
| Total | \$ 1,236,614 | \$ 2,339,265 |

Promises to give deemed to be uncollectible are written off in the year they are determined to be worthless.

4. Right of Use

Effective January 1, 2022 Wings adopted Accounting Standards Codification (ASC) 842 issued by the Financial Accounting Standards Board, (FASB) which requires lessees to recognize assets and liabilities for lease terms greater than one year on the balance sheet. This resulted, as of January 1, 2022, in a Right of Use asset with a corresponding liability related to the building lease in the amount of approximately \$238,000. The asset is being amortized over the remaining 36 months of the lease. The amortization for the year ended December 31, 2022 was approximately \$78,000.

5. Financial Assets and Liquidity Resources

As of December 31, 2022, WINGS has as cash and cash equivalents available for general expenditures of \$1,320,611 with total liabilities of \$252,516. Further, WINGS Board of Directors has restricted \$700,000 for future operations. WINGS designs its fundraising events throughout the year to help ensure revenues are generated on a timely basis to cover operating expenses. As of December 31, 2022, WINGS does not have any debt requiring principal or interest payments. Financial commitments, as of the December 31, 2022, consists only of facility rentals through December 31, 2024 (see Note 6. Lease Commitments).

WINGS Special Needs Community, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

5. Financial Assets and Liquidity Resources - continued

WINGS has secured 75 acres for the development of its residential community, and through a capital campaign, has begun gathering pledges for the restricted funding to complete Phase 1 on the new property. As of December 31, 2022 cash raised and restricted for the construction of the facility totals approximately \$12,970,000. As of December 31, 2022 there were additional pledges from donors totaling approximately \$1,140,000. The proceeds from this capital campaign will dictate the timing of the residential community development, currently slated for the spring of 2023. Further, it is the intent of the Board of Directors to continue the growth of its endowment for the operations of the residential community from new donations and the capital campaign proceeds.

6. Lease Commitments

WINGS leases its facility under an operating lease. Total rental expense incurred under this lease for the years ended December 31, 2022 and 2021, was \$80,532 for each year. The minimum lease annual rental commitments as of December 31, 2022 are \$82,320 for 2023 and \$84,158 for 2024.

7. Retirement Plan

WINGS provides a matching contribution to employee's contribution to an Investment Retirement Account, up to 3% of such employee's contribution. For the year ended December 31, 2022 and 2021, WINGS provided matching contributions of \$14,835 and \$15,303, respectively.

8. Net Assets Restricted by the Board

As of December 31, 2022, the Board of Directors has restricted incremental operating funds totaling \$700,000, representing approximately six months of the following year's budgeted operating expenses.

9. Net Assets Restricted by Donors

Net assets restricted by donors represent the following as of December 31 2022 and 2021:

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|---------------------|
| Scholarships | \$ 40,401 | \$ 43,351 |
| Transportation vehicles | - | 37,500 |
| Endowment | 87,821 | 35,021 |
| Capital campaign | 13,650,652 | 2,577,790 |
| Program - Wings Serve Oklahoma Families | 72,774 | 97,925 |
| Program - Wings Serves (Hygiene Kits) | 31,415 | 7,281 |
| Day Program - General | 67,682 | 51,400 |
| Other | <u>26,229</u> | <u>16,136</u> |
| | <u>\$ 13,976,974</u> | <u>\$ 2,866,404</u> |

WINGS Special Needs Community, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2022 and 2021

10. Endowed Funds Held by Others

Beginning in 2019, WINGS participates in an endowment fund through the Oklahoma City Community Foundation (OCCF). OCCF is a not-for-profit entity that provides for endowed contributions to be pooled to maximize return on investments for the benefit of area not-for-profit organizations. Contributions to the endowment fund are permitted by not-for-profit entities as well as individual donors in the community who designate the beneficiary of their contributions. Earnings on these endowed funds are paid annually based on the OCCF's spending policy which is currently five percent of the average market value over the previous twelve quarters of all assets held for the benefit of WINGS. OCCF retains variance power over these assets.

In 2022 and 2021, WINGS transferred \$60,000 and \$15,000, respectively, to an endowment fund established in its name at the OCCF. Accounting principles generally accepted in the United States of America provides that the value of reciprocal transfers to organizations raising or holding assets for others, such as community foundations, be recognized as assets in the financial statements of the transferor. The value of assets transferred by others to the organization such as community foundations for a specified beneficiary are not recognized as assets of the beneficiary if the community foundation retains variance power.

Because these funds were placed by WINGS with the OCCF and only a donor can restrict a donation, the value of the WINGS contributed funds is reflected in the financial statements as restricted board designated net assets. The value of these funds at December 31, 2022 and 2021 was \$138,100 and \$99,708 respectively. The value of the funds donated and designated by others of \$32,970 and \$40,434 as of December 31, 2022 and 2021, respectively, is not reflected in the WINGS financial statements.

11. Subsequent Events

Management has evaluated subsequent events through December 6, 2023, the date the financial statements were available to be issued. There were no other subsequent events requiring recognition or disclosure in the accompanying financial statements.