

*AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION*

**REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE**

**December 31, 2020**

Audited Consolidated Financial Statements  
and Supplementary Information

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

December 31, 2020

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*Table of Contents*

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Audited Financial Statements

Independent Auditors' Report.....	1
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Cash Flows .....	5
Consolidated Statements of Functional Expenses.....	6
Notes to Consolidated Financial Statements.....	7

Supplementary Consolidating Information

Independent Auditors' Report on Supplementary Consolidating Information .....	15
Schedule I - Consolidating Statement of Financial Position – December 31, 2020 .....	16
Schedule II - Consolidating Statement of Activities – December 31, 2020 .....	17
Schedule III - Consolidating Statement of Financial Position – December 31, 2019.....	18
Schedule IV - Consolidating Statement of Activities – December 31, 2019.....	19



## Independent Auditors' Report

To the Board of Directors  
ReMerge of Oklahoma County, Inc.  
And Affiliate  
Oklahoma City, Oklahoma

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

We have audited the accompanying consolidated financial statements of ReMerge of Oklahoma County, Inc. ("ReMerge") and ReMRE, Inc. ("ReMRE") (collectively the "Organization"), a nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2020 and 2019, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Rose Rock CPAs PLLC*

Edmond, Oklahoma  
June 23, 2021

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2020	2019
	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,387,269	\$ 444,824
Cash and cash equivalents - capital campaign	-	3,031,357
Cash and cash equivalents - replacement reserve	39,607	16,536
Cash and cash equivalents - board designated	654,820	-
Certificate of deposit - restricted	500,000	-
Contributions receivable, net	258,934	315,080
Contributions receivable, net - capital campaign	164,850	274,092
Prepaid expenses and other assets	36,433	45,534
Leverage loan receivable	6,192,000	6,192,000
Fixed assets:		
Furniture and equipment	706,628	659,618
Database software	94,379	77,329
Land	489,799	489,799
Building	7,190,554	7,084,934
	<u>8,481,360</u>	<u>8,311,680</u>
Less accumulated depreciation	<u>392,744</u>	<u>100,212</u>
	<u>8,088,616</u>	<u>8,211,468</u>
Total assets	<u>\$ 17,322,529</u>	<u>\$ 18,530,891</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 28,654	\$ 1,047,006
Accrued leave	35,488	17,146
Accrued payroll and payroll taxes	30,827	25,589
PPP forgivable note	164,100	-
Notes payable	<u>8,748,530</u>	<u>8,865,159</u>
Total liabilities	9,007,599	9,954,900
<b>Net Assets:</b>		
Without donor restrictions	6,730,623	7,264,823
Board designated reserve	1,154,820	1,000,000
With donor restrictions	<u>429,487</u>	<u>311,168</u>
Total net assets	<u>8,314,930</u>	<u>8,575,991</u>
Total liabilities and net assets	<u>\$ 17,322,529</u>	<u>\$ 18,530,891</u>

See notes to consolidated financial statements.

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

CONSOLIDATED STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND OTHER REVENUES</b>						
Contributions	\$ 1,110,580	\$ 519,378	\$ 1,629,958	\$ 1,148,743	\$ 1,037,874	\$ 2,186,617
Interest income	73,547	-	73,547	176,670	-	176,670
In-kind	214,696	-	214,696	285,063	-	285,063
Other revenue (loss)	(752)	-	(752)	2,609	-	2,609
Net assets released from restrictions	<u>401,059</u>	<u>(401,059)</u>	<u>-</u>	<u>6,249,950</u>	<u>(6,249,950)</u>	<u>-</u>
TOTAL SUPPORT AND OTHER REVENUES	1,799,130	118,319	1,917,449	7,863,035	(5,212,076)	2,650,959
<b>EXPENSES</b>						
Program services	1,811,665	-	1,811,665	1,460,547	-	1,460,547
Administrative and general	216,310	-	216,310	331,422	-	331,422
Development	<u>150,535</u>	<u>-</u>	<u>150,535</u>	<u>215,929</u>	<u>-</u>	<u>215,929</u>
TOTAL EXPENSES	<u>2,178,510</u>	<u>-</u>	<u>2,178,510</u>	<u>2,007,898</u>	<u>-</u>	<u>2,007,898</u>
CHANGE IN NET ASSETS	(379,380)	118,319	(261,061)	5,855,137	(5,212,076)	643,061
NET ASSETS AT BEGINNING OF YEAR	<u>8,264,823</u>	<u>311,168</u>	<u>8,575,991</u>	<u>2,409,686</u>	<u>5,523,244</u>	<u>7,932,930</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,885,443</u>	<u>\$ 429,487</u>	<u>\$ 8,314,930</u>	<u>\$ 8,264,823</u>	<u>\$ 311,168</u>	<u>\$ 8,575,991</u>

See notes to consolidated financial statements.

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (261,061)	643,061
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	292,532	51,515
Amortization of loan origination costs	17,089	12,089
Capital campaign contributions	(85,200)	(783,483)
Changes in operating assets and liabilities:		
Operating contributions receivable	56,146	71,702
Prepaid expenses and other assets	9,101	(26,978)
Accounts payable	(21,787)	(14,974)
Accrued payroll and payroll taxes	5,238	8,684
Accrued leave	18,342	(7,158)
Net cash provided by (used in) operating activities	<u>30,400</u>	<u>(45,542)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of certificate of deposit	(500,000)	-
Purchases of fixed assets	<u>(1,166,245)</u>	<u>(5,768,776)</u>
Net cash used in investing activities	(1,666,245)	(5,768,776)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Capital campaign contributions received	194,442	1,191,312
PPP forgivable loan advance	164,100	-
Principal payments on notes payable	<u>(133,718)</u>	<u>(233,116)</u>
Net cash provided by financing activities	<u>224,824</u>	<u>958,196</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(1,411,021)	(4,856,122)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>3,492,717</u>	<u>8,348,839</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,081,696</u>	<u>\$ 3,492,717</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 152,632</u>	<u>\$ 168,380</u>
Accounts payable related to building construction	<u>\$ -</u>	<u>\$ 992,904</u>

See notes to consolidated financial statements.

REMERGE OF OKLAHOMA COUNTY  
AND AFFILIATE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended December 31, 2020				Year Ended December 31, 2019			
	Program Services	Administrative and General	Development	Total Expenses	Program Services	Administrative and General	Development	Total Expenses
Salaries and personnel	\$ 703,062	\$ 140,605	\$ 113,377	\$ 957,044	\$ 637,261	\$ 107,347	\$ 177,157	\$ 921,765
External salary support	98,158	-	-	98,158	69,898	-	-	69,898
Accounting and professional	148,370	17,450	-	165,820	159,168	20,624	-	179,792
Building costs and maintenance	37,505	2,084	2,084	41,673	3,712	206	206	4,124
Capital campaign	-	-	890	890	-	-	3,341	3,341
Catalyst cookies startup	27,208	-	-	27,208	-	-	-	-
Client assistance	36,542	-	-	36,542	16,033	60	500	16,593
Client housing	107,798	-	-	107,798	171,797	-	-	171,797
Client medical and dental	20,410	-	-	20,410	26,607	-	-	26,607
Client transportation	42,602	379	235	43,216	54,526	187	264	54,977
Depreciation	263,278	14,627	14,627	292,532	46,366	2,573	2,576	51,515
Food and kitchen	34,820	26	4	34,850	26,411	30	21	26,462
Insurance	33,079	1,838	1,838	36,755	11,077	615	615	12,307
Interest and amortization expense	153,885	8,499	8,499	170,883	20,303	159,038	1,128	180,469
Internet and communication	31,571	1,754	1,754	35,079	20,193	1,122	1,122	22,437
Luncheon and events	1,036	235	160	1,431	326	705	10,012	11,043
Rent	-	-	-	-	137,470	3,087	3,773	144,330
Supplies	16,579	3,612	643	20,834	8,162	2,960	3,021	14,143
Training	6,418	6,028	831	13,277	15,087	3,232	347	18,666
Utilities	35,801	1,989	1,989	39,779	2,798	159	159	3,116
Other	13,543	17,184	3,604	34,331	33,352	29,477	11,687	74,516
	<u>\$ 1,811,665</u>	<u>\$ 216,310</u>	<u>\$ 150,535</u>	<u>\$ 2,178,510</u>	<u>\$ 1,460,547</u>	<u>\$ 331,422</u>	<u>\$ 215,929</u>	<u>\$ 2,007,898</u>

See notes to consolidated financial statements.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### REMERGE OF OKLAHOMA COUNTY, INC. AND AFFILIATE

DECEMBER 31, 2020

#### NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: ReMerge of Oklahoma County, Inc. (“ReMerge”) is a nonprofit corporation located in Oklahoma City, Oklahoma. The Organization received 501(c)(3) status effective January 2014. The IRS deemed the Organization to be a public charity. In August 2018, ReMRE, Inc. (“ReMRE”) was created as a supporting organization of ReMerge for the purpose of holding the building asset which was constructed for ReMerge, as well as the facilitation of a New Market Tax Credit arrangement (see Note H). ReMerge and its affiliate are collectively referred to as the “Organization”. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

The Organization was formed to provide a female diversion program that is an alternative to incarceration for mothers in Oklahoma County who are charged with nonviolent crimes. The Organization serves only women with minor children or women who are pregnant. As part of operating the program, the Organization provides various services to participants including transportation, housing, medical and dental, educational and employment training, and evidence based treatment for trauma, mental health and substance abuse. Children and family services are also provided to increase family support and stability. The Organization operates through a blending of public and private funding. The Organization partners with the Oklahoma Department of Corrections, the Oklahoma County District Attorney, the Oklahoma County Public Defender and the Oklahoma Department of Mental Health and Substance Abuse Services. Participants enter the Organization’s program based on recommendations from the Oklahoma County District Attorney and the Oklahoma County Public Defender.

Basis of Accounting: The financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenue is recorded when earned and expenses are recorded when incurred. Revenues earned but not received and expenses incurred but not paid are recorded as receivables and payables, respectively, on the statements of financial position. Net assets represent cumulative revenue over expenses incurred.

Basis of Presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification. The Organization is required to report information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of restrictions on use that are placed by its donors and are as follows:

*Net Assets Without Donor Restrictions*--Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions*--Net assets subject to donor (or certain grantor) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for the resource that was restricted has been fulfilled, or both.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--CONTINUED

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

DECEMBER 31, 2020

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Basis of Presentation--Continued: Contributions, including unconditional promises to give, are recognized as revenues in the period received at their fair values. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization reports gifts of cash and other assets as restricted support if they are received with donor restrictions that limit the use of the donated assets.

Cash and Cash Equivalents: For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Organization had no cash equivalents as of December 31, 2020 and 2019.

Certificate of Deposit: The Organization holds one certificate of deposit with a one-year maturity, carried at cost.

Expense Allocation: The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities and consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

Fixed Assets: Fixed assets are carried at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Asset purchases equal to or greater than \$500 are capitalized. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which are three to seven years for equipment, seven years for software, and thirty-nine years for building. The Organization reports gifts of property and equipment as unrestricted support 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, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions Receivable: Unconditional promises to give are recognized as revenues or gains in the period received. Unconditional promises to give which are due in more than one year, are discounted to net present value by the Organization's management using the risk-free rate at the time the unconditional promise to give was made. The Organization considers these contributions receivable to be temporarily restricted support if their use is restricted for specific purposes. As of December 31, 2020 and 2019, contributions receivable of \$428,997 and \$608,798, respectively, are expected to be fully collected, and therefore, no allowance for uncollectible contributions receivable has been included in the accompanying consolidated financial statements. As of December 31, 2020 and 2019, a discount on multiple year pledges receivable was recorded of \$5,213 and \$19,626, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--CONTINUED

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

DECEMBER 31, 2020

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Concentrations of Credit Risk: The Organization has concentrated its credit risk for cash by maintaining deposits at a financial institution which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management does not consider this to be an unreasonable risk of loss.

As of December 31, 2020, approximately 70% of the outstanding contributions receivable were due from two donors.

Donated Services: Donated services consisting of specialized skills are recorded at fair market value based on standardized hourly rates as approved by the Organization's management.

Tax Status: The Organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code ("IRC") of 1986, as amended, as an organization described in Section 501(c)(3). ReMerge has been classified as a publicly supported organization under IRC Section 509(a)(1). ReMRE has been classified as a supporting organization under IRC Section 509(a)(3). However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under IRC Section 511. The Organization had no unrelated business taxable income for the years ended December 31, 2020 and 2019.

The Organization complies with the requirements of FASB Accounting Standards Codification ("ASC") 740, *Income Taxes*, which prescribes a recognition threshold and measurement requirements for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In addition, ASC 740 provides guidance on recognition, classification, and accounting in interim periods and disclosure requirements for uncertain tax provisions. The Organization does not have any uncertain tax positions and therefore, has recorded no liability or benefit for such position for the years ended December 31, 2020 and 2019.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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 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.

Development Costs: The Organization's policy is to expense the costs of development as incurred. For the years ended December 31, 2020 and 2019, development expense was approximately \$151,000 and \$216,000, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--CONTINUED

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

DECEMBER 31, 2020

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--CONTINUED

Subsequent Events: Subsequent events have been evaluated through June 23, 2021, which is the date the financial statements were available to be issued.

NOTE B--PUBLIC FUNDING

As discussed in Note A, the Organization receives both public and private funding for its operations. The public funding for the years ended December 31, 2020 and 2019 consisted of the following:

Oklahoma Department of Corrections: Directly funded the cost of providing security personnel utilized by the Organization's program. Funding for each of the years ended December 31, 2020 and 2019 totaled approximately \$53,000 and \$56,000, respectively, and is included as an in-kind contribution and program expense in the accompanying financial statements.

NOTE C--NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Future Year Pledge	\$ 100,000	\$ 200,000
Salaries	-	12,973
Covid support	8,605	-
Housing	58,461	-
Capital Campaign	62,500	-
White Fields	97,801	-
Catalyst cookies and salaries	79,621	70,744
Health and wellness	12,000	8,963
Other	10,499	18,488
	<u>\$ 429,487</u>	<u>\$ 311,168</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--CONTINUED

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

DECEMBER 31, 2020

NOTE D--LINE OF CREDIT

To assist with its cash flow needs, the Organization has a \$500,000 line of credit with BancFirst. At December 31, 2020, the line of credit had a fixed interest rate of 2.30% and a maturity date of May 20, 2021. The line of credit is collateralized by a certificate of deposit. The line of credit did not have an outstanding balance at December 31, 2020. Subsequent to December 31, 2020, the Organization entered into a maturity extension agreement extending the maturity date to May 20, 2022 and decreasing the interest rate to 2.15%.

NOTE E--NOTE RECEIVABLE

During 2018, the Organization entered into a structured arrangement in order to generate New Market Tax Credits (see Note H). As part of the arrangement, the Organization funded a leverage loan in the amount of \$6,192,000 to BF ReMerge Investment Fund, LLC, an Oklahoma limited liability company and a wholly owned subsidiary of BancFirst, all in accordance with the New Markets Tax Credit financing structure.

The note bears interest at 1% and requires interest to be paid quarterly beginning September 2018 through July 2025. Beginning August 2025, the Organization will receive principal and interest payments of \$372,950 per year through maturity of August 2044.

Future principal maturities under the note receivable agreement as of December 31, 2020 are as follows:

2021	\$	-
2022		-
2023		-
2024		-
2025		74,080
Thereafter		<u>6,117,920</u>
	\$	<u>6,192,000</u>

NOTE F--NOTES PAYABLE

In August 2018, the Organization entered into a Loan Agreement with BancFirst for the purpose of funding the leverage loan noted in Note E. Borrowings under the agreement bore interest at Wall Street Journal Prime during the interest only period of twelve months or until the Organization achieved occupancy of the facility, whichever was first. After the interest only period, the note converted to a fixed rate equal to the Three-Year United States Treasury Constant Maturity Rate as of the date of such election, plus 2.75% through maturity of August 2022. The agreement was paid in full as of December 31, 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--CONTINUED

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

DECEMBER 31, 2020

NOTE F--NOTES PAYABLE--CONTINUED

In connection with the new market tax credit structure, the Organization entered into two thirty-year note payable agreements with MetaFund Subsidiary XI, LLC totaling \$9,000,000. The notes require quarterly interest payments at 1.6881% through November 2025. Beginning December 2025, total principal and interest payments of \$118,247 are due quarterly through maturity of August 2048.

Loan origination and commitment fees, as well as certain direct origination costs, are deferred and amortized as a yield adjustment over the lives of the related loans using the straight-line method. The Organization incurred and paid interest on the note payable agreements of \$151,929 and \$168,308 for the years ended December 31, 2020 and 2019, respectively.

Future principal maturities under the note payable agreements as of December 31, 2020 are as follows:

2021	\$	-
2022		-
2023		-
2024		-
2025		80,265
Thereafter		<u>8,919,735</u>
		9,000,000
Less Loan Origination Costs		<u>251,470</u>
	\$	<u>8,748,530</u>

NOTE G--PPP FORGIVABLE NOTE

On April 10, 2020, the Organization was granted a loan from the BancFirst in the amount of \$164,100, pursuant to the Paycheck Protection Program ("PPP") under Division A, Title 1 of the CARES Act, which was enacted March 27, 2020. The loan bears interest at a rate of 1.00% per annum. Funds from the loan may be used for payroll costs, benefits, and certain other qualifying expenses, including rent, utilities, and interest on other debt obligations. The Organization believes it has used the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--CONTINUED

### REMERGE OF OKLAHOMA COUNTY, INC. AND AFFILIATE

DECEMBER 31, 2020

#### NOTE H--NEW MARKET TAX CREDITS

In order to finance a portion of the new building construction, the Organization applied for and received an award of \$9 million in New Markets Tax Credit ("NMTC") authority from MetaFund Corporation, an Oklahoma not for profit corporation ("MetaFund"), under Section 45D of the Internal Revenue Code and the Treasury Regulations promulgated thereunder.

In order to facilitate the NMTC financing, the Organization obtained a loan from BancFirst, the proceeds of which were combined with capital campaign donations and used to fund a Leverage Loan in the amount of \$6,192,000 from ReMerge to BF ReMerge Investment Fund, LLC (the "Fund"). The Leverage Loan and an equity contribution by BancFirst were used to make a \$9 million equity contribution to MetaFund Subsidiary XI, LLC ("MetaFund Sub"), an Oklahoma limited liability company and a subsidiary of MetaFund. MetaFund used the proceeds of the equity contribution to make loans to ReMRE. ReMRE used the proceeds of the loans to construct the new building project.

An Investment Fund Put/Call Agreement was entered into pursuant to which, following the expiration of the seven-year NMTC compliance period, BancFirst will have the right at its option to cause the Organization to purchase BancFirst's interest in the Fund for a purchase price equal to \$1,000 and other fees described therein and, if BancFirst does not exercise such put option, the Organization can cause BancFirst to sell its interest in the Fund for the fair market value of such interest.

#### NOTE I--SIMPLE IRA PLAN

During 2016, the Organization adopted a Simple IRA Plan covering all eligible employees. The Organization makes matching contributions of 3%. The Organization made matching contributions of approximately \$11,000 and \$20,000 for the years ended December 31, 2020 and 2019, respectively.

#### NOTE J--LIQUIDITY

The Organization has approximately \$1,382,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash and pledges receivable. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The board of directors has designated approximately \$1,155,000 in tax credit funds as a reserve that is available at the board's discretion.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--CONTINUED

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

DECEMBER 31, 2020

NOTE K--RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments are effective for fiscal years beginning after December 15, 2021.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. ASU 2020-07 requires disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets as well as enhanced disclosures regarding valuation and usage of the contributed nonfinancial assets. The amendments should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021.

Management is currently evaluating the impact adoption of the pronouncements will have on the Organization's financial statements in future reporting periods.





Independent Auditors' Report on Supplementary Consolidating Information

To the Board of Directors  
ReMerge of Oklahoma County, Inc.  
And Affiliate  
Oklahoma City, Oklahoma

We have audited the consolidated financial statements of ReMerge of Oklahoma County, Inc. ("ReMerge") and ReMRE, Inc. ("ReMRE") (collectively the "Organization") as of and for the years ended December 31, 2020 and 2019, and have issued our report thereon dated June 23, 2021 on page 1, which expressed an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Schedule I, II, III, and IV on pages 16-19 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and they are not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

*Rose Rock CPAs PLLC*

Edmond, Oklahoma  
June 23, 2021

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

SCHEDULE I - CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

	ReMerge	ReMRE	Eliminations	
	Amount Prior	Amount Prior	in	
	to	to	Consolidation	Consolidated
	<u>Elimination Entries</u>	<u>Elimination Entries</u>	<u>Consolidation</u>	<u>Consolidated</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,387,269	\$ -	\$ -	\$ 1,387,269
Cash and cash equivalents - replacement reserve	39,607	-	-	39,607
Cash and cash equivalents - board designated	485,930	168,890	-	654,820
Certificate of deposit - restricted	500,000	-	-	500,000
Contributions receivable, net	258,934	-	-	258,934
Contributions receivable, net - capital campaign	164,850	-	-	164,850
Prepaid expenses and other assets	36,433	-	-	36,433
Leverage loan receivable	6,192,000	-	-	6,192,000
Fixed assets:				
Furniture and equipment	63,812	642,816	-	706,628
Database software	94,379	-	-	94,379
Land	-	489,799	-	489,799
Building	-	7,190,554	-	7,190,554
	<u>158,191</u>	<u>8,323,169</u>	<u>-</u>	<u>8,481,360</u>
Less accumulated depreciation	<u>87,805</u>	<u>304,939</u>	<u>-</u>	<u>392,744</u>
	<u>70,386</u>	<u>8,018,230</u>	<u>-</u>	<u>8,088,616</u>
Total assets	<u>\$ 9,135,409</u>	<u>\$ 8,187,120</u>	<u>\$ -</u>	<u>\$ 17,322,529</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 26,854	\$ 1,800	\$ -	\$ 28,654
Accrued leave	35,488	-	-	35,488
Accrued payroll and payroll taxes	30,827	-	-	30,827
PPP forgivable note	164,100	-	-	164,100
Notes payable	-	8,748,530	-	8,748,530
Total liabilities	<u>257,269</u>	<u>8,750,330</u>	<u>-</u>	<u>9,007,599</u>
<b>Net Assets:</b>				
Without donor restrictions	7,293,833	(563,210)	-	6,730,623
Board designated reserve	1,154,820	-	-	1,154,820
With donor restrictions	<u>429,487</u>	<u>-</u>	<u>-</u>	<u>429,487</u>
Total net assets	<u>8,878,140</u>	<u>(563,210)</u>	<u>-</u>	<u>8,314,930</u>
Total liabilities and net assets	<u>\$ 9,135,409</u>	<u>\$ 8,187,120</u>	<u>\$ -</u>	<u>\$ 17,322,529</u>

See independent auditors' report on supplementary consolidating information.

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

SCHEDULE II - CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	ReMerge	ReMRE	Eliminations	
	Amount Prior to Elimination Entries	Amount Prior to Elimination Entries	in Consolidation	Consolidated
<b>SUPPORT AND OTHER REVENUES</b>				
Contributions	\$ 3,251,501	\$ 200	\$ (1,621,743)	\$ 1,629,958
Interest income	66,349	7,198	-	73,547
In-kind	214,696	-	-	214,696
Other revenue (loss)	(752)	185,000	(185,000)	(752)
<b>TOTAL SUPPORT AND OTHER REVENUES</b>	<b>3,531,794</b>	<b>192,398</b>	<b>(1,806,743)</b>	<b>1,917,449</b>
<b>EXPENSES</b>				
Salaries and personnel	957,044	-	-	957,044
External salary support	98,158	-	-	98,158
Accounting and professional	148,370	17,450	-	165,820
Building costs and maintenance	36,370	5,303	-	41,673
Capital campaign	890	-	-	890
Catalyst cookies startup	27,208	-	-	27,208
Client assistance	36,542	-	-	36,542
Client housing	107,798	-	-	107,798
Client medical and dental	20,410	-	-	20,410
Client transportation	43,216	-	-	43,216
Depreciation	20,766	271,766	-	292,532
Food and kitchen	34,850	-	-	34,850
Insurance	36,755	-	-	36,755
Interest and amortization expense	9,865	161,018	-	170,883
Internet and communication	35,079	-	-	35,079
Luncheon and events	1,431	-	-	1,431
Rent	185,000	-	(185,000)	-
Supplies	19,203	1,631	-	20,834
Training	8,772	4,505	-	13,277
Utilities	39,779	-	-	39,779
Other	22,298	1,633,776	(1,621,743)	34,331
<b>TOTAL EXPENSES</b>	<b>1,889,804</b>	<b>2,095,449</b>	<b>(1,806,743)</b>	<b>2,178,510</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,641,990</b>	<b>(1,903,051)</b>	<b>-</b>	<b>(261,061)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>7,236,150</b>	<b>1,339,841</b>	<b>-</b>	<b>8,575,991</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 8,878,140</b>	<b>\$ (563,210)</b>	<b>\$ -</b>	<b>\$ 8,314,930</b>

See independent auditors' report on supplementary consolidating information.

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

SCHEDULE III - CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2019

	ReMerge	ReMRE	Eliminations	
	Amount Prior to Elimination Entries	Amount Prior to Elimination Entries	in Consolidation	Consolidated
<b>ASSETS</b>				
Cash and cash equivalents	\$ 444,824	\$ -	\$ -	\$ 444,824
Cash and cash equivalents - capital campaign	245,652	2,785,705	-	3,031,357
Cash and cash equivalents - replacement reserve	16,536	-	-	16,536
Contributions receivable, net	315,080	-	-	315,080
Contributions receivable, net - capital campaign	152,350	121,742	-	274,092
Prepaid expenses and other assets	45,534	17,388	(17,388)	45,534
Leverage loan receivable	6,192,000	-	-	6,192,000
Fixed assets:				
Furniture and equipment	53,827	605,791	-	659,618
Database software	77,329	-	-	77,329
Land	-	489,799	-	489,799
Building	-	7,084,934	-	7,084,934
	131,156	8,180,524	-	8,311,680
Less accumulated depreciation	67,039	33,173	-	100,212
	64,117	8,147,351	-	8,211,468
Total assets	<u>\$ 7,476,093</u>	<u>\$ 11,072,186</u>	<u>\$ (17,388)</u>	<u>\$ 18,530,891</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 71,490	\$ 992,904	\$ (17,388)	\$ 1,047,006
Accrued leave	17,146	-	-	17,146
Accrued payroll and payroll taxes	25,589	-	-	25,589
Notes payable	125,718	8,739,441	-	8,865,159
Total liabilities	239,943	9,732,345	(17,388)	9,954,900
<b>Net Assets:</b>				
Without donor restrictions	6,924,982	339,841	-	7,264,823
Board designated reserve	-	1,000,000	-	1,000,000
With donor restrictions	311,168	-	-	311,168
Total net assets	7,236,150	1,339,841	-	8,575,991
Total liabilities and net assets	<u>\$ 7,476,093</u>	<u>\$ 11,072,186</u>	<u>\$ (17,388)</u>	<u>\$ 18,530,891</u>

See independent auditors' report on supplementary consolidating information.

REMERGE OF OKLAHOMA COUNTY, INC.  
AND AFFILIATE

SCHEDULE IV - CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	ReMerge	ReMRE	Eliminations	
	Amount Prior	Amount Prior	in	
	to	to	Consolidation	Consolidated
	Elimination Entries	Elimination Entries	Consolidation	Consolidated
<b>SUPPORT AND OTHER REVENUES</b>				
Contributions	\$ 1,403,159	\$ 783,458	\$ -	\$ 2,186,617
Interest income	70,528	106,142	-	176,670
In-kind	285,063	-	-	285,063
Other revenue	2,609	92,500	(92,500)	2,609
<b>TOTAL SUPPORT AND OTHER REVENUES</b>	<b>1,761,359</b>	<b>982,100</b>	<b>(92,500)</b>	<b>2,650,959</b>
<b>EXPENSES</b>				
Salaries and personnel	921,765	-	-	921,765
External salary support	69,898	-	-	69,898
Accounting and professional	159,768	20,024	-	179,792
Building costs and maintenance	4,124	-	-	4,124
Capital campaign	3,341	-	-	3,341
Client assistance	16,593	-	-	16,593
Client housing	171,797	-	-	171,797
Client medical and dental	26,607	-	-	26,607
Client transportation	54,977	-	-	54,977
Depreciation	18,342	33,173	-	51,515
Food and kitchen	26,462	-	-	26,462
Insurance	12,307	-	-	12,307
Interest and amortization expense	19,451	161,018	-	180,469
Internet and communication	22,437	-	-	22,437
Luncheon and events	11,043	-	-	11,043
Rent	236,830	-	(92,500)	144,330
Supplies	13,192	951	-	14,143
Training	18,666	-	-	18,666
Utilities	3,116	-	-	3,116
Other	58,535	15,981	-	74,516
<b>TOTAL EXPENSES</b>	<b>1,869,251</b>	<b>231,147</b>	<b>(92,500)</b>	<b>2,007,898</b>
<b>CHANGE IN NET ASSETS</b>	<b>(107,892)</b>	<b>750,953</b>	<b>-</b>	<b>643,061</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>7,344,042</b>	<b>588,888</b>	<b>-</b>	<b>7,932,930</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 7,236,150</b>	<b>\$ 1,339,841</b>	<b>\$ -</b>	<b>\$ 8,575,991</b>

See independent auditors' report on supplementary consolidating information.