November 3, 2021

Bell & Rhodes, P.C. 14220 Barbour Ave. Oklahoma City, OK 73034

This representation letter is provided in connection with your audit of the financial statements of WINGS Special Needs Community, Inc. which comprise the statement of financial condition as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 3, 2021, the following representations made to you during your audit.

Financial Statements

- 1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 28, 2020 including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3. We acknowledge our responsibility 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.
- 4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- 5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP. There are none.
- 7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 9. The effects of all known actual or possible litigation, claims and assessments have been accounted for and disclosed in accordance with U.S. GAAP. There are none.
- 10. Significant estimates and material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 11. Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP. There are none.

Information Provided

- 12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared..
- 13. All material transactions have been properly recorded in the accounting records and are reflected in the financial statements.
- 14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- 15. We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - a. Management
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
- 16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 18. We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements. There are none.
- 19. We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware.
- 20. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 22. WINGS Special Needs Community, Inc. is an exempt organization under Section 501(c) (3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. There are none. All required filings with tax authorities are up-to-date.

Signed:	
Title: F	executive Director
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Signed:	
Title: T	reasurer, Board of Directors

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of WINGS Special Needs Community, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities, cash flows, and functional expenses for the years 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no

DISCUSSION DRAFT

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 WINGS Special Needs Community, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

DISCUSSION DRAFT

November 3, 2021

WINGS Special Needs Community, Inc. Statements of Financial Position As of December 31, 2020 and 2019

		2020		2019
Assets				
Current Assets				
Cash and cash equivalents	\$	661,053	\$	402,229
Accounts receivable		91,790		60,959
Pledges receivable		67,000		
Prepaid expenses		22,326		21,953
Total Current Assets		842,169		485,141
Assets restricted by donors and the Board				
Cash and cash equivalents		802,344		649,003
Certificate of Deposit, at market	_	1,517,817		1,545,651
Restricted assets		2,320,161		2,194,654
Property and equipment				
Furniture and fixtures		51,976		40,819
Leasehold improvements		63,264		14,448
Transportation equipment		48,703	_	48,703
		163,943		103,970
Accumulated depreciation		(70,632)	_	<u>(41,854</u>)
Net property and equipment		93,311		62,116
Deposits		5,000		15,000
Construction in progress-residential commercial development		43,708		26,029
Beneficial interest in assets held by others		75,345		45,984
Total Assets	\$	3,379,694	\$	2,828,924
Liabilities				
Current Liabilities				
Accounts payable	\$	22,818	\$	43,187
Accrued liabilities		14,435		25,433
Deferred revenue - fundraising events		30,000		47,750
Tuition and event center prepayments		15,055	-	17,518
Total Current Liabilities		82,308		133,888
Net Assets				454 207
Net assets without donor restrictions		834,880		454,397
Board restricted:		1 517 017		1,528,623
Residential community - land and infrastructure		1,517,817		550,000
Operating reserve		700,000		45,984
Held by others	-	75,345	-	
Total board restricted		2,293,162		2,124,607
Net assets with donor restrictions		169,344	_	116,032
Total Net Assets		3,297,386		2,695,036
Total Liabilities and Net Assets	\$	3,379,694		2,828,924
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WINGS Special Needs Community, Inc. Statement of Activities and Changes in Net Assets For the Years Ended December 31, 2020 and 2019

	2020									
Revenue and Other Support	Without Donor Restriction		Board Restricted		With Donor Restriction		Total			
Contributions Donated goods and services Grants and sponsorships Covid-19 grants Fundraising special event revenue Cost of direct benefit to donors-fundraising Tuition Event center, net of \$14,852 related costs Interest income Other income (loss) Net assets released from restrictions	\$	306,262 43,700 132,650 158,600 601,242 (181,982) 270,855 24,404 6,614 3,526 145,628	\$		\$	35,997 117,925 36,310 	\$	351,107 43,700 250,575 158,600 637,552 (181,982) 270,855 24,404 21,092 7,463		
Total Revenue and other Support Expenses Program services: Management & general Fundraising Total expenses	1	737,900 118,277 124,839 981,016		18,555		-	===	737,900 118,277 124,839 981,016		
Change in net assets		530,483		18,555		53,312		602,350		
Board restriction of funds-transfer		(150,000)	I	150,000		N#		3		
Net assets at beginning of year	-	454,397	_	2,124,607	-	116,032		2,695,036		
Net assets at end of year	\$	834,880	\$	2,293,162	\$	169,344	\$	3,297,386		

WINGS Special Needs Community, Inc. Statements of Activity and Changes in Net Assets For the Years Ended December 31, 2020 and 2019

	2019									
Revenue and Other Support	Without Donor Restriction		Board Restricted	With Donor Restriction	Total					
Contributions	\$	203,465	\$ -	\$ 26,500	\$ 229,965					
Donated goods and services		70,988	5 .0	(€)	70,988					
Grants and sponsorships		49,245	3	35,500	84,745					
Fundraising special event revenue		626,008	30	60,000	686,008					
Cost of direct benefit to donors-fundraising		(276,266)	3	•	(276,266)					
Tuition		279,726	4		279,726					
Event center, net of \$32,156 related costs		33,357	3	12.	33,357					
Investment income		4,441	37,380	620	41,821					
Other income (loss)		8,130	(2)	147	8,130					
Net assets released from restrictions		74,873	(17,029)	(57,844)	VE					
Total Revenue and other Support	-	1,073,967	20,351	64,156	1,158,474					
Expenses										
Program services:		661,211		2	661,211					
Management & general		88,156	•	=	88,156					
Fundraising		108,520			108,520					
Total expenses	:==:	857,887	· · · · ·		857,887					
Change in net assets		216,080	20,351	64,156	300,587					
Board restriction of funds-transfer		(295,000)	295,000	€	2					
Net assets at beginning of year	1	533,317	1,809,256	51,876	2,394,449					
Net assets at end of year	\$	454,397	\$ 2,124,607	\$ 116,032	\$ 2,695,036					

WINGS Special Needs Community, Inc. Statements of Cash Flows For the Years Ended December 31, 2020 and 2019

Cult Flavor form Or posting Activities	2020 Note 2	2019 Note 2
Cash Flows from Operating Activities	A-000	\$ 300,587
Change in net assets from operations	(3,937)	(984)
Less change in value beneficial assets held by others		
Adjustments to reconcile change in net assets to cash provided by		
operating activities:	28,777	11,453
Depreciation expense	, a	(997)
Loss (gain) on sale of assets	4,329	9
Write off land acquisition costs Non cash grant income Paycheck Protection Plan Loan forgiveness	(109,900)	
Non cash contributions-transition room	(8,000)	(30)
Increase in accounts receivable	(30,831)	(34,768)
	(67,000)	(2)
Increase in pledges receivable	(373)	(10,939)
Increase In prepaid expenses Increase (decrease) in accounts payable	(20,369)	27,507
Increase (decrease) in accounts payable Increase (decrease) in accrued liabilities	(10,998)	13,888
Increase (decrease) in accided habilities Increase (decrease) in deferred revenue	(20,214)	49,325
	363,833	355,072
Net cash provided by operating activities		
Cash Flows from investing Activities	(32,972)	(42,415)
Purchases of property and equipment	1,555,267	3
Proceeds from maturity of Certificate of Deposit	(28,308)	4
Increase in deposits	(2,700)	90
Huitt Zollar and title work for PUD	(2).50)	(17,029)
Deposits - land escrow and A&E survey		1,144
Sales proceeds from sale of property and equipment	1,491,287	(58,300)
Net cash provided by (applied to) investing activities	1,734,20,	
Cash Flows from Financing Activities	109,900	:=
Paycheck Protection Plan Loan proceeds		(36,395)
Purchase of/increase in certificate of deposit	(25,422)	(45,000)
Transfer to Oklahoma City Community Foundation	(9,616)	
Transfer from (to) restricted net assets - Board restricted	74.862	(81,395)
Net cash provided by (applied to) financing activities	1,929,982	215,377
Net change in cash and cash equivalents and restricted cash	1,929,582	213,377
Cash, restricted cash and cash equivalents-beginning of year	1,051,232	
Cash, restricted cash and cash equivalents-end of year	\$ 2,981,214	\$ 1,051,232
Cash, restricted cash and cash equivalents and or year.		
A Landa - windows Current Arrets	\$ 661,053	
Cash and cash equivalents-Current Assets	2,320,161	649,003
Cash and cash equivalents-Restricted Assets	\$ 2,981,214	\$ 1,051,232
Total cash and cash equivalents	-	

WINGS Special Needs Community, Inc. Statement of Functional Expenses For the Years Ended December 31, 2020 and 2019

		Support Activities					
	Program	M	Management		*	Total	
	Expenses	а	nd General	F	undraising	Expenses	
For the year ended December 31, 2020							
Salaries and wages	\$ 376,900	\$	96,264	\$	72,303	\$	545,467
Employee benefits	70,644		14,216		11,384		96,244
Program supplies and expenses	88,265		·#0		30		88,265
Rent and building expenses	97,775		1,457		1,700		100,932
Insurance expense	20,609		2,598		2,020		25,227
Marketing expense	(40)		983		21,467		21,467
Professional service expenses	17,926		2,282		10,245		30,453
Depreciation	27,579		411		480		28,470
Interest	5 5		1		1		57
Other	38,147		1,048		5,239		44,434
	\$ 737,900	\$	118,277	\$	124,839	\$	981,016
For the year ended December 31, 2019							
Salaries and wages	\$ 302,232	\$	65,495	\$	58,997	\$	426,724
Employee benefits	58,751		13,429		10,783		82,963
Program supplies and expenses	115,502		=		프		115,502
Rent and building expenses	98,233		1,169		(99,402
Insurance expense	19,774		1,572		1,530		22,876
Marketing expense	124		₩;		17,007		17,007
Professional service expenses	13,001		1,655		7,852		22,508
Depreciation	10,312		123		200		10,635
Other	43,406		4,713		12,151		60,270
	\$ 661,211	\$	88,156	\$	108,520	\$	857,887

DISCUSSION DOMET

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.

2. Significant Accounting Policies

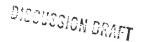
- a. Basis of Accounting The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other assets and liabilities. Revenue is recognized when earned and expenses are recognized when incurred, unless related 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 2020, WINGS made a change to the classification of its year-end fundraising program from Fundraising Events, net to Contributions and marketing expenses in its Statement of Activities. Accordingly, conforming changes were made to 2019 to make the financial presentation consistent between the years presented.

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



2. Significant Accounting Policies - Continued

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.

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.

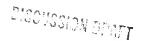
WINGS receives donated services from unpaid volunteers who assist in programs and special projects. No amounts have been recognized in the Statement of Activities because the criteria for recognition under accounting principles generally accepted in the United States of America has not been met.

e. Revenue recognition – Contributions are recognized when the donor makes a promise to unconditionally give to WINGS. All contributions are available for unrestricted use unless specifically restricted by the donor or restricted by the Board of Directors. Conditional promises to give are recorded when the conditions on which they depend are substantially met or the asset placed in service. Unconditional promises 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.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09 Revenue from Contracts with Customers (ASC 606). This authoritative guidance, as amended, includes a comprehensive new revenue recognition model that requires revenue be recognized in a manner to depict the transfer of goods and services to a customer at the amount that reflects the consideration expected to be received in exchange for those goods or services. The FASB has since issued several amendments to this guidance and provided deferrals of the effective date of the standard. This amended standard became effective in 2019 without a material impact on the financial statements of WINGS.

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.

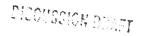


2. Significant Accounting Policies - Continued

- 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 \$28,777 and \$11,453 in 2020 and 2019, respectively, a portion of which has been allocated to event center revenues, net in the statement of activities.
- ii. 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. As of December 31, 2019, WINGS' balances with financial institutions subject to FDIC coverage exceeded such coverage by \$1.836 million. 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.

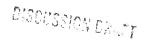
WINGS also currently serves young adults primarily in Central Oklahoma. As a result, support of the organization is highly dependent upon the general economic conditions in this area. In 2020, the COVID-19 pandemic had a negative impact on the Central Oklahoma economy as a result of the business closures mandated by local, State and Federal guidelines and the resultant negative impact on worldwide energy product prices. WINGS did avail itself of the Section 7.a. Paycheck Protection Program (PPP) loan under the Small Business Administration Coronavirus Aid, Relief, and Economic Security (CARES) Act which resulted in a loan of \$109,900. In November, WINGS received communication from its intermediary financial institution that the loan had been formally forgiven (and thus converted to a grant) based upon the financial information submitted by WINGS. The financial information submitted by WINGS to qualify for the loan and forgiveness is subject to audit at the discretion of the Small Business Administration. The loan forgiveness has been recognized as Grant revenue in amount of \$109,900 in the accompanying 2020 Statement of Activities.

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.



2. Significant Accounting Policies - Continued

- 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, 2020, 2019, 2018 and 2017. 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.
- Advertising and Marketing- Advertising and marketing costs are expensed as incurred and totaled \$21,467 and \$17,007 the years ended December 31, 2020 and 2019, 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.
- n. Recent account pronouncements In 2016, FASB issued ASU 2016-02 (Topic 842), Leases. This authoritative guidance, as amended, requires most leases to be recognized on the balance sheet and requires enhanced disclosures. This standard requires entities to account for leases previously classified as operating leases that were not on its Statement of Assets, Liabilities and Net Assets on such Statement, measuring this lease liability and right-to-use asset at its present value of remaining minimum rental payments. The effective date of the amended standard will begin in periods beginning after December 15, 2021. While this guidance will result in a change to the Statement of Assets, Liabilities and Net Assets, management does not currently expect the adoption of this new standard to have a material impact on the Statement of Activities of WINGS.



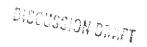
3. Financial Assets and Liquidity Resources

As of December 31, 2020, WINGS has as cash and cash equivalents available for general expenditures of \$661,053, with total liabilities of \$82,308. 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; however, it is presently unclear whether fundraising events will be allowed to be held in the near-term or how future fundraising events will change in the current and post Covid-19 environment. As of December 31, 2020, WINGS does not have any debt requiring principal or interest payments. Financial commitments, as of the December 31, 2020, consists only of facility rentals through December 31, 2022 (see Note 4. Lease Commitments) and the real estate acquisition closed in January 2021 (See Notes 8. Real Estate Purchase Contract).

As WINGS commences the development of its residential community, it is expected that the restricted funds, which as of December 31, 2020 aggregated \$1,517,817, will be adequate to acquire the land acquisition and begin initial infrastructure development. To initiate development of the new educational facility, administration facility and residential community facilities, WINGS presently expects to launch a capital campaign in late 2021. The proceeds from this capital campaign will dictate the timing of the residential community development. 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. As of November 3, 2021, no financial commitments exist related to the residential community requiring the use of any funds on hand or those from future capital campaigns except as it relates to an agreement with architects for the development of drawings for the Residential Community and agreements with marketing specialists in preparation for the Residential Community Capital Campaign. These commitments aggregate approximately \$200,000 as of December 31, 2020 and are cancelable in whole or in part at the discretion of WINGS.

4. Lease Commitments

WINGS leases its facility under an operating lease. Total rental expense incurred for the years ended December 31, 2020 and 2019, was \$73,821 and \$79,592, respectively. The minimum lease annual rental commitments as of December 31, 2020 are \$79,404 through December 31, 2022, with two one-year options to extend for one incremental year.



5. Net Assets Restricted by Donors

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

		2020		2019
Scholarships	\$	30,195	\$	41,160
Transportation vehicles		20,000		20,000
Endowment		•		10,000
Transition Room		10.72		7,500
Capital campaign		14,500		14,500
Program - Wings Serve Oklahoma Families		10,000		
Program - Wings Serves (Hygiene Kits)		14,777		**
Day Program - General		67,000		10,000
Other	_	12,872		12,872
	\$	169,344	<u>\$</u>	116,032

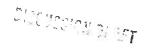
6. Net Assets Restricted by the Board

In 2018, WINGS received a donation of \$1.5 million. This donation contained no restriction from the donor; however, the funds and earnings thereon were subsequently restricted by the Board of Directors for the purchase of land and infrastructure related to the development of a Residential Community. See Notes 8. Real Estate Purchase Contract as it relates to the real estate acquisition closed in January 2021.

In 2020 and 2019, the Board of Directors also restricted incremental operating funds of \$150,000 and \$250,000, respectively, to an aggregate of \$700,000 and \$550,000, respectively, representing approximately six months of the following year budgeted operating expenses.

7. 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.



7. Endowed Funds Held by Others – Continued

In 2020 and 2019, WINGS transferred \$25,422 and \$45,000, 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, 2020 and 2019 was \$75,345 and \$45,984. The value of the funds donated and designated by others of \$22,534 and \$15,404 as of December 31, 2020 and 2019, respectively, is not reflected in the WINGS financial statements. Further, the contributions made by WINGS in fiscal year 2020, qualify Wings for an incremental matching contribution from the Kirkpatrick Family Affiliated Fund of approximately \$8,500, which is expected to be made in 2021.

8. Real Estate Purchase Contract

In July 2020, WINGS entered into a Real Estate Purchase Contract to acquire approximately 75 acres for the development of the Residential Community for an aggregate cost of \$1.333 million plus closing costs (the Real Estate Purchase Contract). Conditions precedent to closing included getting the property rezoned for use in the Residential Community. In connection with the execution of the Real Estate Purchase Contract in July 2020, WINGS made a non-refundable escrow deposit with the seller of the real estate of \$33,333. As of December 31, 2020, WINGS has incurred total costs in connection with the Real Estate Purchase Contract of \$43,708. In January 2021, WINGS closed on this property (final closing costs of \$1.302 million) and began architectural drawings and other activities to quantify the cost for the initial Residential Community facilities, following which it is expected WINGS will begin a capital campaign.

9. 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, 2020 and 2019, WINGS provided matching contributions of \$13,404 and \$9,823, respectively.

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10. Subsequent Events

Management has evaluated subsequent events through November 3, 2021, 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.