

NOTICE OF MEETING
COMMUNITY SERVICE CONTRACT REVIEW COMMITTEE
SHAWNEE, OKLAHOMA
MAY 11, 2020 AT 3:00 P.M.

Regular Meeting	()	Rescheduled Regular Meeting	()
Special Meeting	(X)	Continued or Reconvened Mtg.	()
Emergency Meeting	()		

DATE: May 11, 2020 TIME: 3:00 P.M. PLACE OF MEETING: REMOTELY VIA VIDEOCONFERENCE

Members of the City Commission participation:

Mayor Richard Finley	via videoconference
Vice Mayor James Harrod	via videoconference
Rev. Ray Belford	via videoconference
Ken McDowell	via videoconference

To be completed by person filing notice:

Name: KACIE ECK,
Title: SR. DEPUTY CITY CLERK

Address: P.O. BOX 1448
Shawnee, OK 74802-1448

Phone: 405-878-1605

Filed in the office of the municipal clerk at 8:15 a.m. on the 7th day of May, 2020.

Signed: Lise Lasyone
Clerk

FOR CITY CLERK'S OFFICE USE ONLY

Date Notice released to news media: 05/07/2020
Person filing Notice Kacie Eck
Notice verified by: Lisa Lasyone

For anyone that wishes to view the meeting, it will be broadcasted live on Vyve Channel 3 or via the City of Shawnee's website at http://www.shawneeok.org/services/video_multimedia/city_connect_live.php.

Members of the Community Service Contract Review Committee participation:

Mayor Richard Finley	Via Videoconference
Vice Mayor James Harrod	Via Videoconference
Rev. Ray Belford	Via Videoconference
Ken McDowell	Via Videoconference

COMMUNITY SERVICE CONTRACT REVIEW COMMITTEE

VIA VIDEOCONFERENCE
MAY 11, 2020 at 3:00 p.m.

AGENDA

1. Declaration of a Quorum
2. Approval of minutes from the April 23, 2019 meeting.
3. Discussion, consideration, and possible action regarding a contract with Central Oklahoma Community Action Agency/Central Oklahoma Transit System for FY 2020-2021.
4. Discussion, consideration, and possible action regarding a contract with Safe Events for Families for FY 2020-2021.
5. Discussion, consideration, and possible action regarding a contract with Shawnee Forward for FY 2020-2021.
6. Adjournment

Respectfully submitted,



Kacie Eck, Senior Deputy City Clerk

Draft is subject to approval by the Community Service Contract Review Committee and not official until said approval is made.

COMMUNITY SERVICE CONTRACTS REVIEW
MEETING MINUTES
APRIL 23, 2019
3:00 P.M.

COMMITTEE MEMBERS
IN ATTENDANCE:

Richard Finley
James Harrod
Ray Belford
Ken McDowell

COMMITTEE MEMBERS ABSENT
AT ROLL CALL:

None

OTHERS IN ATTENDANCE:

Eric Benson, Interim City Manager
Chance Allison, Finance Director
Lisa Lasyone, City Clerk
Kacie Eck, Sr. Deputy City Clerk
Joe Vorndran, City Attorney
James Bryce, Director of Operations
Kerri Foster, Recreation Director
Barbara Loudermilk, Central Oklahoma Transit System
Kate Joyce, Senior Citizens of Shawnee
Lisa Watson, Senior Citizens of Shawnee
Jean Lancaster, Senior Citizens of Shawnee

Chairman Finley called the meeting to order at 3:00 p.m. with all committee members in attendance.

Agenda Item No. 1: Declaration of a Quorum

Roll was called and a quorum was declared.

Agenda Item No. 2: Approval of minutes from the May 21, 2018 meeting.

Draft is subject to approval by the Community Service Contract Review Committee and not official until said approval is made.

A motion was made by Harrod, seconded by McDowell, to approve the minutes of the May 21, 2018 meeting. Motion carried 4-0.

AYE: Harrod, McDowell, Finley, Belford

NAY: None

Agenda Item No. 3: Discussion, consideration, and possible action regarding a contract with the Historical Shawnee Alliance for FY 2019-2020.

Interim City Manager Eric Benson stated that City Staff opposed the continuation of this contract. He suggested the Historical Shawnee Alliance establish a Historic Preservation Society to be eligible for matching federal grants.

A motion was made by Belford, seconded by McDowell, to accept staff's recommendation to not renew the contract with Historical Shawnee Alliance for FY 2019-2020. Motion carried 4-0.

AYE: Belford, McDowell, Finley, Harrod

NAY: None

Agenda Item No. 4: Discussion, consideration, and possible action regarding a contract with Senior Citizens Center, Inc. for FY 2019-2020.

Director of Operations James Bryce announced staff's recommendation for the City of Shawnee Recreation Department to take over operations of the Shawnee Senior Center. He explained basic function can be absorbed within the City and that the Recreation Department has the knowledge, resources, and experience to enhance and maintain the Senior Center. Staff is requesting to hire one full time and two part time employees to work at the Senior Center.

After discussion among Committee members, a motion was made by Harrod, seconded by Belford, to accept staff's recommendation and not renew the contract with Senior Citizens Center, Inc. for FY 2019-2020. Motion carried 4-0.

AYE: Harrod, Belford, McDowell, Finley

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NAY: None

Agenda Item No. 5: Discussion, consideration, and possible action regarding a contract with Shawnee Forward for FY 2019-2020.

Finley explained this was the second year with Shawnee Forward since the Chamber of Commerce and the Shawnee Economic Development Foundations merged.

A motion was made by Harrod, seconded by McDowell, to renew the contract with Shawnee Forward for FY 2019-2020, in the amount of \$286,000.00 Motion carried 4-0.

AYE: Harrod, McDowell, Finley, Belford

NAY: None

Agenda Item No. 6: Discussion, consideration, and possible action regarding a contract with Central Oklahoma Community Action Agency/Central Oklahoma Transit for FY 2019-2020.

The Committee discussed how beneficial the Central Oklahoma Transit System was for the Shawnee area.

A motion was made by Harrod, seconded by Belford, to renew the contract for FY 2019-2020 in the amount of \$68,000.00 and to direct staff to negotiate the requested parking lot usage. Motion carried 4-0.

AYE: Harrod, Belford, McDowell, Finley

NAY: None

Agenda Item No. 7: Discussion, consideration, and possible action regarding a contract with Safe Events for Families for FY 2019-2020.

Interim City Manager Eric Benson stated that Save Events for Families (SEFF) is a very efficient entity. They benefit the community in several ways. Staff recommends renewal of this contract.

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A motion was made by Belford, seconded by Harrod, to renew the contract for FY 2019-2020 in the amount of \$63,000.00. Motion carried 4-0.

AYE: Belford, Harrod, McDowell, Finley

NAY: None

Agenda Item No. 8: Discussion, consideration, and possible action regarding a contract with Visit Shawnee, Inc. for FY 2019-2020.

The committee discussed the usage of the 94% of Hotel Tax that is being provided to Visit Shawnee, Inc. (VSI). They also conversed on ways to fund the Pottawatomie County Museum, from the Hotel Tax collection.

After further discussion, a motion was made by McDowell, seconded by Harrod, to not renew the contract with Visit Shawnee, Inc. for FY 2019-2020. Motion carried 4-0.

AYE: McDowell, Harrod, Belford, Finley

NAY: None

Agenda Item No. 9: Adjournment

There being no further business to be considered, the meeting was adjourned by power of the Chair. (4:04 p.m.)

Chairman

Attest:

Kacie Eck, Secretary

March 30, 2020

Administration
405.275.6060

Central
Oklahoma
Transit
System (COTS)
405.273.3000

Rx for OK
1.800.256.5940

Community Resource
Development Offices

Cleveland
405.701.2170
405.434.6100

Lincoln
405.695.1630

Logan
405.466.8249

Payne
405.624.2533

Pottawatomie
405.275.6060

Seminole
405.382.1800

Volunteers
Impacting
People
(VIP)
405.275.7910

**Mr. Chance Allison
City of Shawnee
P.O. Box 1448
Shawnee, Ok 748023-1448**

Dear Mr. Allison:

Central Oklahoma Community Action Agency (COCAA) is a 501(c)3 non-profit organization that has been in operation since 1968. It operates the Central Oklahoma Transit System (COTS) which has operated since 1998. COCAA is requesting continued financial support from the City of Shawnee for the COTS program and is vital in maintaining services to the City and the region.

COCAA'S administrative office, COTS, and our other Pottawatomie county services are located in the Shawnee downtown area. COCAA currently employs 26 staff members, of which 11 are staff for the COTS program.

COTS operates nine mini vans for on-demand transportation pickups in Pottawatomie and Seminole Counties. Hours of Operation are 7am to 8pm Monday through Friday, and Saturday 8am till 5pm. There are a couple of other transportation systems in Shawnee. However, they do not offer the same service. Executive Cab is not ADA compliant. All COTS vehicles are ADA compliant. Citizen Potawatomi Nation Transit does not transport dialysis patients nor operate extended hours. COTS program transports for dialysis and other medical appointments. COTS hours of operation are different than the other two services.

COTS transports clients in the Shawnee city limits to areas in the Shawnee city limits for \$4.00 one way. If they are low-income seniors or veterans who qualify may schedule a ride for a discounted rate at \$2.00 one way. Outside the city limits, the cost will vary depending on where they start and where they are being transported, based on mileage. Rides must be scheduled at least 48 hours in advance.

For the 2019 year, COTS ran 175,224 revenue miles and provided 19,838 passenger trips. 18,022 or 90%, of these passenger trips were City of Shawnee residents. Rides have decreased from the last year overall due to changes in our contract with LogistiCare, or also known as SoonerRide. Due to some of their guidelines for rides, COTS had a decrease in funding and lower rides associated with LogistiCare. Also, in December 2019, COTS adjusted and increased the cost for rides both in town and for longer distance trips. It is the first price increase the system has made in many years. Due to this change, COTS also saw a difference in the amount of trips for that month.

The following is a breakdown of the City of Shawnee rides for the last two years, showing the slight decrease in Shawnee ridership.

Types of Rides	2018 (Annual numbers)	2019 (Annual numbers)
Education	547	357
Employment	4,158	4,406
Other/Nutrition	1,118	1,060
Recreation	2,080	1,975
Shopping	1,480	1,575
Medical&SoonerRide	8,895	8,649
Total	18,278	18,022

COTS looks forward to providing leadership in coordination efforts to expand transportation services for the City of Shawnee through work with partnerships including in the City of Shawnee, other transit systems, and other funders. The City's financial support is vital to growing the program. The City's funding is just a part of the COTS annual budget. Other funding sources that assist with the annual budget includes Community Service Block Grant, ODOT 5311 grant, ODOT 5339 grants, State Revolving Funds, and revenue received from the fares collected.

During this time of the COVID-19 pandemic, COTS is considered an essential service to continue to serve the City of Shawnee residents so they can receive medical treatments, including dialysis. We also provided to stores and emergency food pantries, Community Market for those in need. While rides have decreased during this time, COTS staff is still working hard to provide vital services to its Shawnee residents.

In the past, the City of Shawnee has wanted to see a copy of COCAA's audit. The audit for 3/31/2019 is complete and has been included with this proposal, along with the COTS budget.

COCAA would like to request the continued support of the COTS program in the amount of \$70,000. This funding would be used for the following:

Drivers salaries and fringe	\$ 43,680
Fuel	\$12,000
Vehicle insurance	\$ 5,000
Vehicle maintenance and repair	<u>\$ 9,320</u>
Total	\$70,000

Central Oklahoma Community Action Agency appreciates the City's continuing support of the Central Oklahoma Transit System. If you have any questions or need anything further, feel free to contact us.

Respectfully,



Nina Lowery
COTS Director

Enclosures



**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of the Financial
Statements Performed in Accordance with
Government Auditing Standards**

Board of Directors
Central Oklahoma Community Action Agency, Inc.
Shawnee, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Central Oklahoma Community Action Agency, Inc., which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Oklahoma Community Action Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Oklahoma Community Action Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Oklahoma Community Action Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Central Oklahoma Community Action Agency, Inc.
Combining Statement of Revenues, Expenses, and Changes in Net Assets
With Donor Restrictions Fund
Year Ended March 31, 2019

	650	700	850	890	892	902	904	912	913	914	952	953	960	Total With Donor Restrictions Fund
	Emergency Solutions	House 1425 Duplexes	VIP	VITA	OK Asset Dev	CSBG Discretionary	CSBG 15 - 16523	CSBG 2016	CSBG 17	CSBG 18	SAFCAA 14	SAFCAA 17	Avedis Discretionary	
Revenues and Gains														
Federal grants	\$ 16,187	\$ -	\$ -	\$ -	\$ -	\$ 5,599	\$ 5,889	\$ -	\$ 268,695	\$ 559,419	\$ -	\$ -	\$ -	\$ 1,108,402
State grants	11,796	-	-	-	-	-	-	-	-	-	28,304	42,729	-	146,816
Local grants	-	-	3,000	-	-	-	-	-	-	-	-	-	-	95,186
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Program revenue	-	-	1,000	-	2,679	-	-	-	-	-	-	-	68,136	298,016
Rental revenue	-	10,051	-	-	-	-	-	-	-	-	-	-	-	10,051
United Way allocation	-	-	-	-	-	-	-	-	-	-	-	-	-	10,044
In-kind revenue	3,121	-	-	-	-	-	-	-	-	-	-	-	-	3,121
Matching revenue	635	-	1,368	2,273	-	-	-	-	-	-	-	-	-	41,017
Insure Oklahoma	-	-	-	-	-	-	-	-	-	-	-	-	-	45,262
Other revenue	9,283	-	-	-	-	-	-	-	-	-	-	-	-	9,343
Total Revenues and Gains	40,982	10,051	5,366	2,273	2,679	5,599	5,889	-	268,695	559,419	28,304	42,729	68,136	1,767,258
Expenses and Losses														
Salaries	-	-	-	-	-	-	-	-	170,344	314,444	-	37,870	45,485	85
Fringe benefits	-	-	-	-	-	-	-	-	57,041	87,524	-	4,859	11,971	28
Contract expenses	-	-	30	-	-	-	-	-	-	178	-	-	975	13,315
Administration	-	-	-	-	-	-	-	-	-	-	777	-	-	777
Client assistance	17,688	-	464	-	-	-	-	-	-	-	-	-	-	77,928
Training	-	175	-	-	-	1,130	400	-	1,050	1,846	-	-	627	7,515
Rent and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	7,000
Utilities	241	10	-	2,194	2,178	-	-	-	22,600	77,467	-	-	3,026	128,291
Travel	-	-	3,685	-	-	4,469	-	-	2,411	4,606	-	-	1,888	60,079
Supplies	-	1,662	184	75	501	-	5,489	-	7,022	21,653	-	-	896	56,824
In-kind expenses	12,403	-	-	-	-	-	-	-	-	-	-	-	-	12,403
Interest	-	-	-	-	-	-	-	-	222	-	-	-	-	222
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	4,594	25,271
Other expenses	10,650	228	483	4	-	-	-	-	1,558	41,115	-	-	2,930	122,113
Pass-through grants	-	-	-	-	-	-	-	-	-	-	27,527	-	-	27,527
Insurance expense	-	2,236	520	-	-	-	-	-	6,307	9,520	-	-	511	50,217
Advertising expense	-	-	-	-	-	-	-	-	50	1,066	-	-	-	1,475
Total Expenses and Losses	40,982	4,311	5,366	2,273	2,679	5,599	5,889	-	268,695	559,419	28,304	42,729	72,903	1,774,171
Net Change in Net Assets		5,740											(4,767)	(6,913)
Net Assets, Beginning of Year		18,425											342,346	488,908
Net Assets, End of Year	\$ -	\$ 24,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,579	\$ 481,995

Central Oklahoma Community Action Agency, Inc.
Combining Statement of Revenues, Expenses, and Changes in Net Assets
With Donor Restrictions Fund
Year Ended March 31, 2019

	360	380	385	390	395	396	401	410	420	430	440	455	491	500
	ODOCHP	CDBG	Fundraiser Shawnee United	United Way	Healthy Steps	Parents as Teachers	Emergency Food & Shelter	Elite Repeat	Meals on Wheels	Shoes that Fit	Social & Voluntar y Services Commis	Wegener Foundation	RX 16 CAA OK	COTS
Revenues and Gains														
Federal grants	\$ 11,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,789
State grants	12,654	-	-	-	-	-	-	-	-	-	-	-	51,373	-
Local grants	-	436	-	-	25,000	-	-	-	-	-	750	-	-	68,000
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Program revenue	-	-	11,563	-	46,135	4,904	-	4,000	16,677	2,467	-	-	-	140,455
Rental revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Way allocation	-	-	-	711	-	-	-	-	9,333	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Matching revenue	-	-	-	-	-	28,768	918	-	7,057	-	-	-	-	-
Insure Oklahoma	-	-	-	-	-	-	-	-	-	-	-	-	-	45,262
Other revenue	-	-	-	-	-	-	-	-	60	-	-	-	-	-
Total Revenues and Gains	23,893	436	11,563	711	71,135	33,672	29,503	4,000	33,127	2,467	750	-	51,373	464,506
Expenses and Losses														
Salaries	-	-	-	-	51,354	16,155	-	-	7,018	-	-	-	36,191	216,212
Employee benefits	-	-	-	-	10,037	2,196	-	-	5,008	-	-	-	14,139	95,366
Contract expenses	75	-	-	-	1,477	10,417	-	-	-	-	-	-	-	163
Administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Client assistance	22,400	368	300	711	-	-	29,503	1,856	-	1,236	750	2,652	-	-
Training	-	-	-	-	-	1,050	-	-	-	-	-	-	-	1,237
Rent and storage	-	-	-	-	-	-	-	-	-	-	-	-	-	7,000
Utilities	244	-	485	-	-	484	-	-	260	-	-	-	-	19,012
Travel	111	-	-	-	-	1,469	-	-	4,925	121	-	-	43	38,351
Supplies	1,000	-	528	-	107	610	-	-	587	1,152	-	-	-	15,358
In-kind expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	20,677
Other expenses	63	68	3,256	-	937	903	-	-	15,394	-	-	-	1,000	43,524
Pass-through grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance expense	-	-	9	-	1,173	388	-	-	-	-	-	-	-	29,553
Advertising expense	-	-	-	-	-	-	-	-	-	-	-	-	-	359
Total Expenses and Losses	23,893	436	4,578	711	65,085	33,672	29,503	1,856	33,192	2,509	750	2,652	51,373	484,812
Net Change in Net Assets	-	-	6,985	-	6,050	-	-	2,144	(65)	(42)	-	(2,652)	-	(20,306)
Net Assets, Beginning of Year	-	-	2,718	-	-	-	-	-	65	6,714	-	5,405	-	113,235
Net Assets, End of Year	\$ -	\$ -	\$ 9,703	\$ -	\$ 6,050	\$ -	\$ -	\$ 2,144	\$ -	\$ 6,672	\$ -	\$ 2,753	\$ -	\$ 92,929

Central Oklahoma Community Action Agency, Inc.
Combining Statement of Revenues, Expenses, and Changes in Net Assets
Without Donor Restrictions Fund
Year Ended March 31, 2019

	100	310	705	710	990	995	
	Payroll	Local	Rent Income	Housing	General	Vending Machine	Total Without Donor Restrictions Fund
Revenues and Gains							
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-	-	-
Local grants	-	-	-	-	-	-	-
Donations	-	941	-	-	-	-	941
Program revenue	-	25,599	-	-	1,042	-	26,641
Rental revenue	-	-	3,800	4,800	-	-	8,600
United Way allocation	-	-	-	-	-	-	-
In-kind revenue	-	913	-	-	-	-	913
Matching revenue	-	-	-	-	(41,017)	-	(41,017)
Insure Oklahoma Revenue	-	-	-	-	-	-	-
Other revenue	-	-	-	-	78,884	-	78,884
Total Revenues and Gains	-	27,453	3,800	4,800	38,909	-	74,962
Expenses and Losses							
Salaries	-	-	-	-	-	-	-
Fringe benefits	-	-	-	-	-	-	-
Contract expenses	-	325	-	-	-	-	325
Administration	-	-	-	-	-	-	-
Client assistance	-	27,825	-	-	210	-	28,035
Training	-	-	-	-	-	-	-
Rent and storage	-	-	-	-	-	-	-
Utilities	-	185	3,025	-	299	-	3,509
Travel	-	-	-	-	3,681	-	3,681
Supplies	-	231	177	1,007	1,448	(147)	2,716
In-kind expenses	-	865	-	-	-	-	865
Interest	-	-	-	-	71	-	71
Depreciation	-	-	-	-	13,195	-	13,195
Other expenses	-	524	60	-	14,233	-	14,817
Pass-through grants	-	-	-	-	75	-	75
Insurance expense	-	-	76	1,064	246	-	1,386
Advertising expense	-	143	-	-	366	-	509
Total Expenses and Losses	-	30,098	3,338	2,071	33,824	(147)	69,184
Net Change in Net Assets	-	(2,645)	462	2,729	5,085	147	5,778
Net Assets, Beginning of Year	(152,617)	37,523	3,793	102,518	329,113	(147)	320,183
Net Assets, End of Year	\$ (152,617)	\$ 34,878	\$ 4,255	\$ 105,247	\$ 334,198	\$ -	\$ 325,961

Central Oklahoma Community Action Agency, Inc.
Combining Statement of Financial Position
With Donor Restrictions Fund
March 31, 2019

	650	700	850	890	892	902	904	912	913	914	952	953	960	Total With Donor Restrictions Fund
	Emergency Solutions	House 1425 Duplexes	VIP	VITA	OK Asset Dev	CSBG Discretionary	CSBG 15 - 16523	CSBG 16	CSBG 17	CSBG 18	SAFCAA 14	SAFCAA 17	Avedis Discretionary	
Assets														
Cash and cash equivalents	\$ 450	\$ 1,830	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,401	\$ -	\$ -	\$ 45,194	\$ 68,127
Accounts receivable	3,784	-	-	-	-	-	-	-	-	65,828	3,690	3,792	-	159,513
Due from other fund	-	22,515	424	-	-	-	-	-	-	-	1,679	-	279,208	332,023
Prepaid expenses and other assets	-	220	25	-	-	-	-	-	-	995	-	-	11	3,686
Property and equipment, net	-	-	-	-	-	-	-	-	-	-	-	-	16,778	76,657
Total Assets	\$ 4,234	\$ 24,565	\$ 449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,224	\$ 5,369	\$ 3,792	\$ 341,191	\$ 640,006
Liabilities														
Accounts payable	\$ 785	\$ -	\$ 449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,672	\$ 5,369	\$ -	\$ 53	\$ 15,111
Accrued expenses	-	-	-	-	-	-	-	-	-	41,585	-	3,524	3,559	88,237
Due to other fund	3,449	-	-	-	-	-	-	-	-	20,688	-	268	-	48,312
Deferred revenue	-	400	-	-	-	-	-	-	-	4,279	-	-	-	6,351
Total Liabilities	4,234	400	449	-	-	-	-	-	-	68,224	5,369	3,792	3,612	158,011
Assets														
Without donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
With donor restrictions	-	24,165	-	-	-	-	-	-	-	-	-	-	337,579	481,995
Total Net Assets	-	24,165	-	-	-	-	-	-	-	-	-	-	337,579	481,995
Total Liabilities and Net Assets	\$ 4,234	\$ 24,565	\$ 449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,224	\$ 5,369	\$ 3,792	\$ 341,191	\$ 640,006

Central Oklahoma Community Action Agency, Inc.
Combining Statement of Financial Position
With Donor Restrictions Fund
March 31, 2019

	360	380	385	390	395	396	401	410	420	430	440	455	491	500
			Fundraiser Shawnee United	United Way	Healthy Steps	Parents as Teachers	Emergency Food & Shelter	Elite Repeat	Meals on Wheels	Shoes that Fit	Shoes that Fit	Wegener Foundation	RX 16 CAA OK	COTS
	GDOCHP	CDBG												
Assets														
Cash and cash equivalents	\$ 67	\$ -	\$ 1,500	\$ -	\$ -	\$ 9,006	\$ -	\$ -	\$ 4,166	\$ 263	\$ -	\$ -	\$ -	\$ 4,250
Accounts receivable	2,042	436	-	-	21,135	-	-	-	-	-	750	-	6,954	51,102
Due from other fund	-	-	8,630	1,424	-	-	7	2,144	-	6,409	-	2,753	-	6,830
Prepaid expenses and other assets	-	-	-	-	273	50	-	-	-	-	-	-	-	2,112
Property and equipment, net	-	-	-	-	-	-	-	-	-	-	-	-	-	59,879
Total Assets	\$ 2,109	\$ 436	\$ 10,130	\$ 1,424	\$ 21,408	\$ 9,056	\$ 7	\$ 2,144	\$ 4,166	\$ 6,672	\$ 750	\$ 2,753	\$ 6,954	\$ 124,173
Liabilities														
Accounts payable	\$ -	\$ 310	\$ 427	\$ 310	\$ 375	\$ 440	\$ -	\$ -	\$ 1,630	\$ -	\$ 50	\$ -	\$ -	\$ 3,241
Accrued expenses	-	-	-	-	5,759	909	-	-	1,253	-	-	-	3,645	28,003
Due to other fund	2,109	126	-	-	9,224	7,707	-	-	1,283	-	700	-	2,758	-
Deferred revenue	-	-	-	1,114	-	-	7	-	-	-	-	-	551	-
Total Liabilities	2,109	436	427	1,424	15,358	9,056	7	-	4,166	-	750	-	6,954	31
Net Assets														
Without donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
With donor restrictions	-	-	9,703	-	6,050	-	-	2,144	-	6,672	-	2,753	-	92,929
Total Net Assets	-	-	9,703	-	6,050	-	-	2,144	-	6,672	-	2,753	-	92,929
Total Liabilities and Net Assets	\$ 2,109	\$ 436	\$ 10,130	\$ 1,424	\$ 21,408	\$ 9,056	\$ 7	\$ 2,144	\$ 4,166	\$ 6,672	\$ 750	\$ 2,753	\$ 6,954	\$ 124,173

Central Oklahoma Community Action Agency, Inc.
Combining Statement of Financial Position
Without Donor Restrictions Fund
March 31, 2019

	100	310	705	710	990	995	Total Without Donor Restrictions Fund
	<u>Payroll</u>	<u>Local</u>	<u>Rent Income</u>	<u>Housing</u>	<u>General</u>	<u>Vending Machine</u>	
Assets							
Cash and cash equivalents	\$ 1,206	\$ 1,750	\$ 1,730	\$ 1,130	\$ 120,370	\$ -	\$ 126,186
Accounts receivable	-	-	-	-	-	-	-
Due from other fund	-	32,060	2,537	103,478	-	-	138,075
Prepaid expenses and other assets	-	-	13	155	2,725	-	2,893
Property and equipment, net	-	1,439	-	684	479,410	-	481,533
Total Assets	<u>\$ 1,206</u>	<u>\$ 35,249</u>	<u>\$ 4,280</u>	<u>\$ 105,447</u>	<u>\$ 602,505</u>	<u>\$ -</u>	<u>\$ 748,687</u>
Liabilities							
Accounts payable	\$ -	\$ 371	\$ 25	\$ -	\$ 344	\$ -	\$ 740
Accrued expenses	-	-	-	200	-	-	200
Due to other fund	153,823	-	-	-	267,963	-	421,786
Deferred revenue	-	-	-	-	-	-	-
Total Liabilities	<u>153,823</u>	<u>371</u>	<u>25</u>	<u>200</u>	<u>268,307</u>	<u>-</u>	<u>422,726</u>
Net Assets							
Without donor restrictions	(152,617)	34,878	4,255	105,247	334,198	-	325,961
With donor restrictions	-	-	-	-	-	-	-
Total Net Assets	<u>(152,617)</u>	<u>34,878</u>	<u>4,255</u>	<u>105,247</u>	<u>334,198</u>	<u>-</u>	<u>325,961</u>
Total Liabilities and Net Assets	<u>\$ 1,206</u>	<u>\$ 35,249</u>	<u>\$ 4,280</u>	<u>\$ 105,447</u>	<u>\$ 602,505</u>	<u>\$ -</u>	<u>\$ 748,687</u>

Central Oklahoma Community Action Agency, Inc.
Notes to Financial Statements
March 31, 2019

Note 8: Leases

COCAA leases certain property with terms of 12 months or less. The leases are classified as short term operating leases with subsequent year obligations totaling approximately \$78,000 for the years ended March 31, 2019. Rental expense for leased property for the year ended March 31, 2019 was \$90,721.

Note 9: Commitments and Contingent Liabilities

In the normal course of operations, the Organization participates in a number of federal and state assisted grant programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Presently, the Organization has no such requests pending, and in the opinion of management, any such amounts would not be considered material.

Central Oklahoma Community Action Agency, Inc.
Notes to Financial Statements
March 31, 2019

Note 4: Fixed Assets

A summary of changes in fixed assets for the year ended March 31, 2019, is as follows:

	<u>Balance</u> <u>March 31, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>March 31, 2019</u>
Land	\$ 133,160	\$ -	\$ -	\$ 133,160
Buildings	777,893	855	(137,331)	641,417
Furniture and Equipment	24,893	1,638	(855)	25,676
Vehicles	269,669	6,088	(55,398)	220,359
Total Fixed Assets	<u>1,205,615</u>	<u>8,581</u>	<u>(193,584)</u>	<u>1,020,612</u>
Accumulated Depreciation	(491,378)	(38,466)	67,422	(462,422)
Fixed Assets, Net	<u>\$ 714,237</u>	<u>\$ (29,885)</u>	<u>\$ (126,162)</u>	<u>\$ 558,190</u>

Current year depreciation totaled \$38,465 and was charged to the Central Oklahoma Transit System Fund 500 and the General Fund 990.

Note 5: Retirement Plan

COCAA has a defined contribution 401(k) pension plan covering substantially all of its employees. Employees are vested after one year of service and contributions are matched to employee contributions with a cap at 5%. The contribution during 2019 was \$27,012.

Note 6: Related Party Transactions

COCAA provided services to individuals who were related to management or the governing body. Services provided to the related persons included medical care, financial counseling, housing assistance, food, life skills training, weatherization assistance, energy efficiency education, tax preparation, utility assistance, transportation and rent/mortgage assistance. The Board of Directors approves all such transactions.

Note 7: Economic Dependency

COCAA receives a significant portion of its revenue from funds provided through Federal and state grants. The grant amounts are appropriated each year by the Federal and state agencies. If significant budget cuts are made at the Federal and/or state level, the amount of the funds the organization receives could be reduced significantly and have an adverse impact on its operations.

Central Oklahoma Community Action Agency, Inc.
Notes to Financial Statements
March 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and cash equivalents, short-term investments and grants receivable. The Organization places its cash and certificates of deposit with high quality financial institutions. The Organization's management believes that credit risk has been reduced to an acceptable level and that the likelihood of material loss is low.

Subsequent Events

Subsequent events have been evaluated through November 26, 2019, which is the date the financial statements were issued.

Note 2: Cash and Investments

Deposits with banks and financial institutions are carried at monetary value. The table presented below is designed to disclose the level of custody credit risk assumed by the Organization based upon how its deposits were insured or secured with collateral at March 31, 2019. The categories of credit risk are defined as follows:

Category 1 – Insured by FDIC or collateralized by securities held by the Organization or by its agent in its name.

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name.

Category 3 – Deposits which are not collateralized or insured.

A summary of the deposits at March 31, 2019 consisted of the following:

Type of Deposits	March 31, 2019				
	Total Bank Balance	Custody (Category 1)	Credit Risk (category 2)	Uninsured (Category 3)	Carrying Value
Demand Deposits					
Total Deposits	\$ 237,805	\$ 237,805	\$ -	\$ -	\$ -

Note 3: Accounts Receivable

Accounts receivable, consisting of advances to subgrantees and local project service contracts, are carried at monetary value. The Organization did not recognize any allowance for uncollectible amounts at March 31, 2019.

Central Oklahoma Community Action Agency, Inc.
Notes to Financial Statements
March 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with the cash receipts and disbursements method of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization defines cash and cash equivalents to be all cash and certificates of deposit with original maturities of three months or less. Cash equivalents of \$194,314 as of March 31, 2019, were invested with a major local financial institution.

Land, Building, and Equipment

Fixed assets are recorded at historical cost. Depreciation and accumulated depreciation are recorded for assets purchased with general or special revenue funds that are recorded for \$300 or more. Depreciation on fixed assets is computed on the following estimated useful lives of the assets:

Buildings	20 years
Furniture	10 years
Computer equipment	5 years
Office equipment	5 – 10 years

Advertising Expenses

Advertising costs are expensed as incurred. The Organization incurred advertising expenses of \$1,984 for the year ended March 31, 2019.

Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of time records and on estimates made by the Organization's management.

Central Oklahoma Community Action Agency, Inc.
Notes to Financial Statements
March 31, 2019

Note 1: Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

Background

Central Oklahoma Community Action Agency, Inc. (COCAA), originally organized as Action, Incorporated is a nonprofit corporation established under the laws of the State of Oklahoma. COCAA was established to assist in developing, executing, and coordinating plans and programs authorized under the Economic Opportunity Act of 1964, and its subsequent amendments and other federal, state, and local laws and programs to alleviate poverty. The programs supported by COCAA include homeless shelters, food closets, transitional housing, transportation services, community centers, health clinics, and other services to promote self-sufficiency in low-income persons. These services are funded by various federal and state grants, as well as local government and private entity contracts, private grants, donations, and fees from those persons served. COCAA provides services in Pottawatomie, Cleveland, Logan, Payne, Seminole, and Lincoln Counties.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles in the United States of America.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions, as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Board Designated Net Assets - Net assets without donor restrictions subject to self-imposed limits by action of the governing board. Board designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

Net assets with Donor Imposed Restrictions - Net assets subject to donor-imposed stipulations that can be met either by actions of the Organization or the passage of time. Contributions with donor-imposed restrictions that are met in the same period as the contribution are accounted for as unrestricted contributions.

Central Oklahoma Community Action Agency, Inc.
Statement of Cash Flows
For the Year Ended March 31, 2019

Cash Flows from Operating Activities	
Decrease in net assets	\$ (1,135)
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	38,466
Gain on sale of assets	(44,493)
Changes in	
Accounts receivable	(38,319)
Prepaid expenses	7,111
Unearned revenue	5,944
Accrued expenses	170
Accounts payable	(15,571)
Net Cash Used in Operating Activities	<u>(47,827)</u>
Cash Flows from Investing	
Purchases of equipment	(7,726)
Proceeds from sale property	169,800
Net Cash Provided by Investing Activities	<u>162,074</u>
Cash Flows from Financing Activities	
Principal payment on notes payable	(46,421)
Net Cash Used in Financing Activities	<u>(46,421)</u>
Net Increase in Cash and Cash Equivalents	67,826
Cash and Cash Equivalents, Beginning of Year	<u>126,487</u>
Cash and Cash Equivalents, End of Year	<u>\$ 194,313</u>

Central Oklahoma Community Action Agency, Inc.
Statement of Functional Expenses
For the Year Ended March 31, 2019

	Program Expenses	Supporting Services		Total
		General and Administrative	Fundraising Expenses	
Salaries	\$ 590,748	\$ 304,325	\$ -	\$ 895,073
Fringe Benefits	190,173	97,968	-	288,141
Contract expenses	-	13,640	-	13,640
Administration	-	777	-	777
Client Assistance	97,486	-	8,477	105,963
Training	2,255	5,260	-	7,515
Storage	-	7,000	-	7,000
Utilities	85,670	46,130	-	131,800
Travel	47,820	15,940	-	63,760
Supplies	36,915	17,862	4,763	59,540
In-Kind expense	13,268	-	-	13,268
Interest	-	293	-	293
Depreciation	26,926	11,540	-	38,466
Other expenses	68,465	68,465	-	136,930
Pass-Through grant	-	27,602	-	27,602
Insurance	-	51,603	-	51,603
Advertising	-	1,984	-	1,984
	<u>\$ 1,159,726</u>	<u>\$ 670,389</u>	<u>\$ 13,240</u>	<u>\$ 1,843,355</u>

Central Oklahoma Community Action Agency, Inc.
Statement of Activities
For the Year Ended March 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Gains			
Federal grants	\$ -	\$ 1,108,402	\$ 1,108,402
State grants	-	146,816	146,816
Local grants	-	95,186	95,186
Donations	941	-	941
Program revenue	26,641	298,016	324,657
Rental revenue	8,600	10,051	18,651
United Way allocation	-	10,044	10,044
In-kind revenue	913	3,121	4,034
Matching Revenue	(41,017)	41,017	-
Insure Oklahoma revenue	-	45,262	45,262
Other Revenue	78,884	9,343	88,227
Net Assets Released from Restrictions	1,774,171	(1,774,171)	-
Total Revenues and Gains	<u>1,849,133</u>	<u>(6,913)</u>	<u>1,842,220</u>
Expenses and Losses			
Program expenses	1,159,726	-	1,159,726
Supporting services			
General and administrative	670,389	-	670,389
Fundraising expenses	13,240	-	13,240
Total Expenses and Losses	<u>1,843,355</u>	<u>-</u>	<u>1,843,355</u>
Net Change in Net Assets	5,778	(6,913)	(1,135)
Net Assets, Beginning of Year	<u>320,183</u>	<u>488,908</u>	<u>809,091</u>
Net Assets, End of Year	<u>\$ 325,961</u>	<u>\$ 481,995</u>	<u>\$ 807,956</u>

Central Oklahoma Community Action Agency, Inc.
Statement of Financial Position
March 31, 2019

	2019
Assets	
Cash and cash equivalents	\$ 194,313
Accounts receivable	159,513
Prepaid expenses and other assets	6,579
Property and equipment, net	558,190
Total Assets	\$ 918,595
Liabilities	
Accounts payable	\$ 15,851
Accrued expenses	88,437
Deferred revenue	6,351
Total Liabilities	110,639
Net Assets	
Without donor restrictions	325,961
With donor restrictions	481,995
Total Net Assets	807,956
Total Liabilities and Net Assets	\$ 918,595

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 respective financial position of the Central Oklahoma Community Action Agency, Inc. as of March 31, 2019, and the respective changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements of the Central Oklahoma Community Action Agency taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The combining statements and schedule of expenditures of federal awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2019 on our consideration of the Central Oklahoma Community Action Agency, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Hill & Company PC

Tulsa, Oklahoma
November 26, 2019





HINKLE &
COMPANY

Chartered CPAs
Certified Public Accountants

Independent Auditors' Report on Financial Statements

Board of Directors
Central Oklahoma Community Action Agency, Inc.
Shawnee, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Oklahoma Community Action Agency, Inc., which comprise of the statement of financial position as of March 31, 2019, and the related statements of activities, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

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Central Oklahoma Community Action Agency, Inc.
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March 31, 2019

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**Central Oklahoma
Community Action Agency, Inc.**

Financial Statements
with Independent Auditors' Reports

March 31, 2019



**HINKLE &
COMPANY**
Strategic Business Advisors PC

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Oklahoma Community Action Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Central Oklahoma Community Action Agency, Inc.'s Response to Findings

Central Oklahoma Community Action Agency, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Central Oklahoma Community Action Agency, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tulsa, Oklahoma
November 26, 2019

Hill & Company, PC



Central Oklahoma Community Action Agency, Inc.
Schedule of Federal Awards
March 31, 2019

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Fund No.	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
FEDERAL PROGRAMS					
<u>U.S. Department of Health and Human Services</u>					
Oklahoma Department of Commerce					
Community Services Block Grant	902	93.569		\$ 5,599	\$ -
Community Services Block Grant	904	93.569		5,889	-
Community Services Block Grant	913	93.569		268,695	-
Community Services Block Grant	914	93.569		559,419	-
Community Services Block Grant	360	93.569		11,239	-
				<u>850,841</u>	<u>-</u>
<u>US Department of Transportation</u>					
Oklahoma Department of Transportation					
Section 5311 Transportation	500	20.509		212,789	-
<u>US Department of Homeland Security</u>					
Emergency Food and Shelter Program					
	401	97.024		28,585	-
<u>US Department of Housing and Urban Development</u>					
Emergency Solutions Grant Program					
	650	14.231		16,187	-
				<u>\$ 1,108,402</u>	<u>\$ -</u>

Central Oklahoma Community Action Agency, Inc.
Notes to Schedule of Expenditures of Federal Awards
March 31, 2019

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal awards activity of Central Oklahoma Community Action Agency under programs of the federal government for the year ended March 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Central Oklahoma Community Action Agency, it is not intended to and does not present the financial position, changes in net position, or cash flows of Central Oklahoma Community Action Agency.

Note B: Summary of Significant Accounting Policies

1. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
2. The Organization has elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



Independent Auditors' Report on Compliance for Each Major Federal Program, Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Directors
Central Oklahoma Community Action Agency, Inc.
Shawnee, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the Central Oklahoma Community Action Agency's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the Central Oklahoma Community Action Agency's major federal programs for the year ended March 31, 2019. The Central Oklahoma Community Action Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Central Oklahoma Community Action Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2019.

5028 E. 101st Street

Oklahoma, OK 73116

TEL: 918-492-2388

FAX: 918-492-8443

www.hinkles.com

Report on Internal Control Over Compliance

Management of the Central Oklahoma Community Action Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Central Oklahoma Community Action Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Central Oklahoma Community Action Agency as of and for the year ended March 31, 2019 and have issued our report thereon dated November 26, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Tulsa, Oklahoma
November 26, 2019

Hill & Company, PC



Central Oklahoma Community Action Agency, Inc.
Summary of Findings and Questioned Costs
Year Ended March 31, 2019

Findings Required to be Reported by Government Auditing Standards

2019-001 Record revenue when realizable and earned, not when cash is received.

Criteria: In accordance with generally accepted accounting principles, revenue should be recognized when realized and earned.

Condition: The Organization received two cash payments in fiscal year 2020 that pertained to 2019 activity. Although these transactions were earned in 2019, the Organization incorrectly recorded the revenue in 2020 when payments were received.

Cause: Management failed to identify and record amounts in the correct period.

Effect: Revenue and receivables could be understated for amounts not recorded in the correct period.

Recommendation: We recommend that management create policies and procedures to better identify when revenues are earned to record amounts in the appropriate period in accordance with generally accepted accounting principles.

Views of responsible officials and planned corrective actions: COCAA management agrees with recommendations and will create and implement procedures to properly account for revenues in the appropriate periods.

Findings Required to be Reported by Uniform Guidance

No matters reported.

Central Oklahoma Community Action Agency, Inc.
Summary Schedule of Prior Audit Findings
Year Ended March 31, 2019

Findings Required to be Reported by Government Auditing Standards

No matters reported.

Findings Required to be Reported by Uniform Guidance

No matters reported.

5/14/19

AGREEMENT BETWEEN THE CITY OF SHAWNEE and
CENTRAL OKLAHOMA COMMUNITY ACTION AGENCY, INC.

This Agreement is entered into this 1st day of July, 2019 by and between the City of Shawnee, Oklahoma, hereinafter the "CITY", and CENTRAL OKLAHOMA COMMUNITY ACTION AGENCY, INC., (operating as Central Oklahoma Transit System) hereinafter "COTS".

WITNESSETH

WHEREAS, the CITY is in need of public transportation for its citizens and workforce; and

WHEREAS, COTS possess the skill, ability, and equipment to provide such services.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, it is hereby agreed by and between the parties hereto that:

1. COTS shall provide to the CITY transportation services for its workforce and citizens in general in the City of Shawnee, Oklahoma, to commence on the 1st day of July, 2019, and to continue uninterrupted service thereafter until the 30th day of June, 2020. Hours of this service shall be from 7:00 a.m. until 8:00 p.m. Monday through Friday, and Saturday 8:00 a.m. until 5:00 p.m. (except holidays).
2. In exchange for the provision of such transportation services, the CITY shall pay to COTS sixty-eight thousand dollars (\$68,000.00) in installments as follows: fifty-six hundred sixty-six dollars and sixty-five cents (\$5,666.65) the first of each month, July, 2019 - June, 2020. This money is to come from the City's General Fund. Each payment is to be made after COTS submits the reports and invoices set forth in paragraph three of this Agreement. The City Finance Director shall review quarterly the documents provided and ascertain compliance with the requirements of paragraph three. Failure to submit the required reports with the invoices will result in withholding of payment on the invoice pending the receiving of said reports by the City. The City reserves the right to determine if the reports received contain sufficient information for the City to be kept current on the financial status of COTS.
3. COTS shall provide to the CITY all invoices and other documents required by the CITY in connection with its payment procedures. COTS further agrees to provide to the City a monthly report of COTS' expenditures, income, and riders. Such reports shall be provided by COTS to the CITY by the 10th day each month during the term of this Agreement. COTS acknowledges and understands that it must segregate and account for the funds received from the CITY. COTS agrees to furnish the City with its annual audit or an agreed upon procedures engagement conducted by a CPA. COTS further agrees to furnish monthly reports to the CITY containing its revenues, expenditures, assets, liabilities, grants and activities.

4. COTS agrees to furnish to the CITY copies of all minutes of COTS meetings.
5. COTS further agrees that in the case of a national or state emergency, or if a municipal emergency is declared by the city manager, COTS will allow the City to use vehicles and employees for necessary transportation, including but not limited to, transporting residents during an evacuation, assisting mass care facilities with transportation and transporting volunteers and responders to their designated work locations.
6. COTS hereby indemnifies the CITY and agrees to hold the CITY harmless from and against any loss, damage or claim arising from the operation of COTS and for any insurance premiums owed by COTS and for any tax liability now or later determined to be due and owing by COTS. Upon receipt of notice of a suit or proceeding filed against the CITY or COTS, COTS shall give the CITY written notice of such suit or proceeding within ten (10) days of receipt of such notice and shall cooperate with the CITY in its defense of any such suit or proceeding. COTS further agrees to at all times have insurance coverage reasonably covering the activities contemplated in this Agreement with a minimum coverage limit of one million dollars (\$1,000,000.00).
7. COTS shall submit a request for renewal to the City Clerk's Office no later than March 31, 2020. As a part of this request, COTS shall submit a clean, unqualified audit of its financials and be prepared to substantiate the services rendered pursuant to this Agreement in the prior year. The City's Community Service Contract Review Committee will then review the request in accordance with its procedures and make its recommendation to the City Mayor and Commission.
8. This Agreement may be terminated by either party without cause upon sixty (60) days written notice directed to the other party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

WITNESS our hands this 28 day of May, 2019.



ATTEST:

Tracy L. Izell
SECRETARY/NOTARY

ACTION, INC
(CENTRAL OKLAHOMA TRANSIT)

Barbara L. Lusk
EXECUTIVE DIRECTOR

5/28/19

Formerly Action, Inc.
now operating as

Central Okla Community
Action.

APPROVED by the Mayor and the City Commissioners of the City of Shawnee this 16
day of May, 2019.



Lisa Laszone
LISA LASYONE, CMC, CITY CLERK

THE CITY OF SHAWNEE, OKLAHOMA
A Municipal Corporation

S. Eric Benson
S. ERIC BENSON, INTERIM CITY MANAGER

APPROVED as to form and legality this 20 day of June, 2019.

Joseph M. Vorndran
JOSEPH M. VORNDRAN, CITY ATTORNEY

SEFF
Contract Review
City of Shawnee
FY 2021

The Attached is the budget for fiscal year 2020/2021 events. In 2015 we had an economic impact study done through the Oklahoma City Tourism Office using their formula. The events that SEFF fundraises for and organizes left a \$3.5 million dollar foot print for the Shawnee area. Without funding help from the city this would not be possible. We are asking to remain at the funding request of \$63,000 to help our efforts. We use these funds to solicit the remaining funds needed to continue to operate and grow these great events. This includes continued support for the Downtown Christmas decorations as SEFF is working to transform, the downtown area with the help of its merchants into a must see place to be during the holiday season. SEFF continues to have a great working relationship with the city and has a dedicated board committed to the continued improvement of Shawnee and Downtown. The close working relationship SEFF has with the City Manager's office and the Parks Department will continue the downtown revitalization progress. Thank you for your time and consideration for our funding request.

Total funding requested: \$63,000.00

2019/2020 Yr \$63,000.00

Budget Expenditures for Redbud Festival

Toilets	\$1,500.00	
Advertising/Media	\$4,000.00	
Food	\$15,000.00	
Sound Equipment/Operator/Performers	\$5,000.00	
Trash/Permits/Equipment Rental (i.e., golf carts, etc.)/Electrical Connections	\$8,000.00	
Total	\$33,500.00	\$ 33,500.00

Budget Expenditures for Downtown Blockparty

Toilets	\$3,000.00	
Advertising/Media	\$4,000.00	
Sound Equipment/Operator/Performers	\$6,500.00	
Trash/Permits/Equipment Rental (i.e., golf carts, etc.)/Electrical Connections	\$6,000.00	
Total	\$19,500.00	\$ 19,500.00

Budget Expenditures for Downtown Christmas Parade

Toilets	\$1,500.00	
Advertising	\$3,000.00	
Santa Claus Float	\$6,000.00	
Fireworks	\$30,000.00	
Sound Equipment/Operator/Performers	\$3,000.00	
Downtown Christmas	\$8,000.00	
Tree lighting Ceremony	\$5,000.00	
Trash/Permits/Equipment Rental (i.e., golf carts, etc.)/Electrical Connections	\$9,000.00	
Total	\$65,500.00	\$ 65,500.00

Budget Expenditures for Shawnee Trail Days

Toilets	\$1,500.00	
Advertising/Media	\$5,000.00	
Sound Equipment/Operator/Performers	\$8,000.00	
Trash/Permits/Equipment Rental (i.e., golf carts, etc.)/Electrical Connections	\$10,000.00	
Educational Center	\$8,000.00	
Total	\$32,500.00	\$ 32,500.00

Budget Expenditures for Boo on Bell

Toilets	\$3,000.00	
Advertising/Media	\$7,000.00	
Carnival	\$38,000.00	
Sound Equipment/Operator/Performers	\$8,000.00	
Trash/Permits/Equipment Rental (i.e., golf carts, etc.)/Electrical Connections	\$12,000.00	
History tours	\$7,000.00	
Total	\$75,000.00	\$ 75,000.00

Budget Total **\$ 226,000.00**

Specify how the program complies with the requirements set forth in Section I. [Section I: The City is paying a third-party to provide a direct community governmental or quasi-governmental service. Contracts of this nature are only made with nonprofit entities including 501(c)(3) and 501(c)(6) entities.]

Safe Events For Families is a 501 (c)(3) organization, tax ID number 20-5097645. Safe Events For Families hosts events to enhance the quality of life for Shawnee residents, bring visitors to the Shawnee community, and increase sales tax collections on retail sales in the city limits.

Specify how the objective of the program serves the community and specifically the municipality in providing services for the citizens.

Safe Events For Families provides community events for the enjoyment of citizens of Shawnee and the surrounding area. These events bring the population of our city together to build community but also draw attendees from across the state. Vendors that register for the events come from as far away as Florida. In 2015, SEFF had an economic impact study done through the Oklahoma City Tourism Office using their formula and determined that SEFF events at a \$3.5 million impact at that time. As events have grown, so has the impact. We now host the largest Halloween and Christmas events in the state. The Redbud Festival has also been added since that time and our Third Friday Block Parties grow each year.

Provide details regarding the specific program such as, but not limited to: location of facility, number of employees, services provided, organization structure and history, length of service in this capacity, etc.

Safe Events For Families hosts multiple events in downtown Shawnee throughout the year. Currently SEFF has only one part-time employee and uses volunteers to put on the events.

Safe Events For Families was gifted the Ritz Theater located at 10 W Main Street in downtown Shawnee. SEFF has revitalized the theater and it now also hosts community events.

Are the services offered by other agencies or organizations in Shawnee?

There is not another organization in Shawnee that offers year-round public events in Shawnee. SEFF events are usually free to attend, meaning that quality entertainment is accessible to everyone in the community.

Provide financial statements and audit documents if available and note other major donors and sources of non-City funding and if the City funding is used as match for State, Federal, or other donors.

Attached

If currently under contract with the City, submit any proposed changes to existing contract language or funding levels.

No changes are requested.

The ability of the program to become self-sufficient over time.

As a non-profit organization, Safe Events For Families is dependent upon donations to support our efforts. However, we believe that the contributions from our donors are returned through quality of life for residents and increased tax collections during events.

Information regarding fees/charges paid by the public to utilize services provided.

Festivals provided by Safe Events For Families are free for the public to attend. Food vendors, Street vendors and other providers such as the carnival company charge for their products or services at the events. The provider determines the cost to the customer.

A copy of the organization's annual report or list of accomplishments from the previous year detailing how City funds were utilized.

See attached.

Indicate the amount of funds requested and specifically how the funds will be expended.

See attached.

12/19

AGREEMENT BETWEEN THE CITY OF SHAWNEE and
SAFE EVENTS FOR FAMILIES

This Agreement is entered into this 1st day of July, 2019, by and between the City of Shawnee, Oklahoma, a municipal corporation hereinafter the "CITY", and Safe Events for Families hereinafter called "SEFF".

WITNESSETH

WHEREAS, the CITY is in need of certain goods and services, and

WHEREAS, SEFF has represented that it possesses the skills and abilities to provide such goods and services.

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereby agree as follows:


1. SEFF agrees to provide and furnish such goods and services, to wit: the development of family-oriented events providing a safe and entertaining community atmosphere. Those events shall be limited to Shawnee Trail Days, Boo on Bell Street, and the Downtown Christmas Parade.
2. SEFF agrees to provide and furnish such goods and services to commence on 1st day of July, 2019, and to continue until the 30th day of June, 2020.
3. The CITY agrees to fund SEFF's events as follows:
 - a. The CITY will pay to SEFF up to fifty-three thousand dollars (\$53,000.00) in invoiced expenditures within the agreed fiscal year. In addition, the City has agreed to pay SEFF up to ten thousand (\$10,000.00) in invoiced expenditures for Main Street Christmas decorations during the agreed fiscal year.
 - b. The CITY will require SEFF to provide those invoices to the city for direct payment. Payments will be submitted to the accounting department of the City of Shawnee.
4. SEFF agrees to furnish to the CITY copies of all minutes of SEFF meetings.
5. SEFF and CITY acknowledge and agree that mutual cooperation is necessary for the success of this contractual arrangement. To that end SEFF agrees to meet and consult with the City Manager's office concerning all events and activities that SEFF will sponsor at least sixty (60) days prior to the date of said event or activity and complete the event permitting process.

6. The CITY acknowledges that it cannot bind future commissions to a financial decision beyond the present fiscal year.
7. SEFF shall submit a request for renewal to the City Clerk's Office no later than March 31, 2020. As a part of this request, SEFF shall submit a clean, unqualified audit of its financials and be prepared to substantiate the services rendered pursuant to this Agreement in the prior year. The City's Community Service Contract Review Committee will then review the request in accordance with its procedures and make its recommendation to the City Mayor and Commission.
8. This agreement may be terminated by either party upon thirty (30) days written notice prior to the end of the contract period.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

WITNESS our hands this _____ day of _____, 2019.

SAFE EVENTS FOR FAMILIES



 PRESIDENT

ATTEST:

 SECRETARY/NOTARY

APPROVED by the Mayor and City Commissioners of the City of Shawnee this 16th day of May, 2019.



ATTEST:
Lisa Laszone
 LISA LASYONE, CMC, CITY CLERK

THE CITY OF SHAWNEE, OKLAHOMA
 A Municipal Corporation

for Chase Allison, Acting
 S. ERIC BENSON, CITY MANAGER

APPROVED as to form and legality this 19 day of June, 2019.



 JOSEPH M. VORNDRAN, CITY ATTORNEY

March 31, 2020

To: The City of Shawnee Contract Review Committee

Dear Review Committee Members,

The Shawnee Forward organization is pleased to provide you with the requested documents related to our organization, along with information that addresses our ongoing community and economic development activities.

Under the guidance of the Shawnee Forward Board of Directors, our organization is focused on an aggressive program of work and services, which accomplishes the requirements as outlined in our contract with the City of Shawnee. Additionally, our work coincides with goals that are consistent with the strategic plans recently developed by the Shawnee Forward Board. As a fairly new organization, those plans are being updated and amended as the marketplace demands.

As always, we strive to accomplish those items in the most efficient, effective and expedient manner possible. We are here to serve the needs of the City, community, region and those who have placed their trust in our professional capabilities.

In this packet, you will find the following documents and or information:

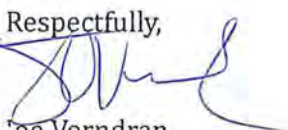
A detailed explanation of how we serve the community and specifically the municipality in providing services for the citizens.

- Our organization's location, number of employees involved in the economic development work, our organization's structure, history and length of service in this capacity.
- Our opinion on the ability of others in the community to undertake similar work.
- Current financial statements and audit documents regarding the economic development portion of the organization.
- Suggested language changes to the contract language.
- Our opinion on having a self-sustaining economic development program.
- A list of our 2018/2019 Goals, with progress status and measurement.
- An explanation of how we used public funds with outside agencies, vendors or related services.
- A list of accomplishments during the 2019/2020 fiscal period, specifically related to the use of City funds.
- The amount of funds requested with focus on how these funds will be utilized.

Please feel free to contact me with any additional requests for information or questions that you may have regarding the ongoing efforts of Shawnee Forward.

Thank you for the opportunity to provide you with this information and we look forward to continuing our community and economic development partnership with the City of Shawnee.

Respectfully,



Steve Vorndran
Chairman of the Board

FOR REFERENCE

Community Service Contract Review

1 message

Kacie Eck <Kacie.Eck@shawneeok.org>

Tue, Feb 25, 2020 at 3:21 PM

To: "Edboltphoto@gmail.com" <Edboltphoto@gmail.com>, "tlowery@cocaa.org" <tlowery@cocaa.org>, Tracy Qualls <tqualls@shawneeforward.com>

Cc: Lisa Lasyone <lasyone@shawneeok.org>, Chance Allison <Chance.Allison@shawneeok.org>, Ashley Neel <Ashley.Neel@shawneeok.org>, Joe Vorndran <joe@stuartclover.com>

Good afternoon,

I wanted to send a reminder that documents for Community Service Contract Review are due by 5:00 p.m. on Tuesday, March 31st. The documents required are outlined below. Please make sure you submit ten unbound, 3-hole punched copies to the City Clerk's office. If you have any questions, please feel free to contact me.

We are requiring all documents and information listed in Resolution No. 6559. Those requirements are listed below:

- Specify how the program complies with the requirements set forth in Section I. [Section I: The City is paying a third-party to provide a direct community governmental or quasi-governmental service. Contracts of this nature are only made with nonprofit entities including 501(c)(3) and 501(c)(6) entities.]
- Specify how the objective of the program serves the community and specifically the municipality in providing services for the citizens.
- Provide details regarding the specific program such as, but not limited to: location of facility, number of employees, services provided, organization structure and history, length of service in this capacity, etc.
- Are the services offered by other agencies or organizations in Shawnee?
- Provide financial statements and audit documents if available and note other major donors and sources of non-City funding and if the City funding is used as match for State, Federal, or other donors.
- If currently under contract with the City, submit any proposed changes to existing contract language or funding levels.
- The ability of the program to become self-sufficient over time.
- Information regarding fees/charges paid by the public to utilize services provided.
- A copy of the organization's annual report or list of accomplishments from the previous year detailing how City funds were utilized.
- Indicate the amount of funds requested and specifically how the funds will be expended.

Thank you all, have a good evening!

Kacie Eck

Senior Deputy City Clerk

City of Shawnee

405-878-1605

Fax: 405-878-1581

THE SHAWNEE FORWARD ORGANIZATION:

Shawnee Forward, Inc. will begin its third year of existence in July of 2020. In 2018, the Shawnee Economic Development Foundation merged with the Greater Shawnee Area Chamber of Commerce to allow for the elimination of any duplicated services and to better align our mutually delivered services to the businesses and residents of the community. Individually, these organizations had been in existence for over 50 years.

As with any new organization, there are transitional challenges to overcome. We are confident those areas have been addressed and are being resolved quickly and efficiently. The Shawnee Forward Board of Directors is dedicated to making this organization a benchmark in creating a premier business alliance in the State and Nation.

There is currently one full-time employee, the Economic Development Director, dedicated to economic development efforts. This individual is supported by the Marketing Director, who now spends 50% of his time on the economic development marketing needs of the organization. The Membership Director is also available as needed to support the needs of the economic development activities. Our objective is to work together as a team.

The Economic Development Director at Shawnee Forward is one of only 1200 Certified Economic Developers in the world and has over eighteen years' experience as a paid professional in economic development, plus an additional 10 years as a volunteer in that field. He has served as the economic developer in this community since 2009.

He has a unique background that includes business ownership, management of multiple divisions of a large general contracting firm, extensive construction expertise, facility engineering and management, sales, property development, building design, manufacturing, and workforce development. He has served on Planning and Zoning Commissions in two different communities and currently serves with several local, regional and statewide boards, partnerships, committees or commissions.

The Marketing Director for Shawnee Forward has a Master of Arts in Administrative Leadership from the University of Oklahoma. He has been a paid Marketing professional for over 15 years. He also owns and operates his own business. In addition to his storied professional career, he has served in numerous leadership roles with the Harrah and Choctaw Chamber of Commerce organizations.

The Shawnee Forward Board is governed by fifteen members who represent a diverse cross-section of the businesses located in this community.

Currently serving on the board are:

- Joe Vorndran, Board Chairman, Partner Stuart and Clover
- Melissa Dennis, Board Chairman-Elect, Pottawatomie County Commissioner District #1
- Joe Ford, Board Vice-Chairman, Shawnee Milling
- Katie Landes, Board Secretary, Action Physical Therapy
- Casey Bell, Board Treasurer, BancFirst
- Rachel Melot, Owner of Wytstle and Blue Zones Lead
- Angi Mohr, President, SSM Health Shawnee
- Dr. Jim Collard, Economic Development Director & Chief of Police, Citizen Potawatomi Nation.
- Josh Trimble, Founder, Reaching Souls Outreach.
- Cami Engles, Owner, Theopolis.
- Larry Briggs, Individual Member.
- Jeff Madison, Owner/Operator, Chic-fil-A.
- Jarrod VanZant, Marketing Director, Canadian Valley Electrical Cooperative.
- Denoda Rutherford, Owner, Shelter Insurance.
- Bryan Lucas, Senior Vice President, Georg Fischer

The Economic Development Committee that supports the efforts of the Shawnee Forward organization is currently made up of twenty-one members, who also comprise a broad cross-section of the community.

Those members currently include:

1. Melissa Dennis, Pottawatomie County Commissioner District #1
2. Chris Clark, President, Arvest Bank
3. Marion McMillan, SVP, BancFirst
4. Paul Bass, President, First United Bank
5. Jon Adock, CEO, Central Disposal
6. Casey Bell, President, BancFirst Shawnee
7. Bryan Lucas, SVP, Georg Fischer
8. Larry Briggs, Individual
9. Ray Belford, Pastor, First Christian Church
10. Greg Brown, Greg Brown Homes
11. Richard Finley, Mayor Shawnee, Retired
12. James Harrod, Vice Mayor, Retired
13. Josh Inda, CEO, Indaco Metals
14. Marty Lewis, Retired / Shawnee Forward Legislative Review Committee Chair
15. Tom McCurdy, OG&E, Community Relations
16. Dave Miller, OneGas, Community Relations
17. Will Rosebure, Retired
18. Chuck Skillings, Retired
19. Randy Smith, CFO, Oklahoma Baptist University
20. Jim Stuart, Retired
21. Jarrod VanZant, Marketing Director, Canadian Valley Electric Cooperative

Currently, there are other Shawnee Forward Board members who have requested the opportunity to serve on the Economic Development Committee, and we are still in the process of determining how to accommodate those requests.

SIMILAR ORGANIZATIONS IN THE COMMUNITY:

While there are other agencies or organizations in the community that could undertake some smaller portions of the economic development process, we are unaware of any that equal the level of expertise, functionally developed and proven programs, the insight and developed business network, which spans not only the local area but also has a reach on a regional, statewide and national level.

In most cases, economic development is not a short or quick process, but rather one that can take years to land a prospect and or start a new development. Consistency, dogged determination in providing relevant, factual and accurate data to the client, along with building a relationship with the prospect results in success over any other method. This process takes time, focus and professionalism.

Setting aside all ego, we know that many of the things we do would not take place without an organization like Shawnee Forward, Inc.

FINANCIAL STATEMENTS and AUDIT DOCUMENTS:

Please find attached our latest Financial Statements, the most recent Audit of Shawnee Forward and a proposed economic development budget for the 2020/2021 Fiscal year.

CONTRACT LANGUAGE CHANGES FOR CONSIDERATION:

You may or may not wish to consider amending Item #2 on the City Contract that states the Mayor or their designee shall serve on the Shawnee Forward Board. Currently, there is not a representative on the Shawnee Forward Board, however, Joe Vorndran who serves as the Chairman may be considered that representative in his role as the City Attorney.

Item #2 section of the contract also states that the City Manager is to serve as an Ex-Officio to the Shawnee Forward Board. Please know that the Board of Directors of Shawnee Forward would be delighted for these items

to remain in the contract with City, however, we must also be respectful and mindful of the time constraints on the City's Elected and Administrative Officials.

Additionally, Item #3 refers to the development of a City Incentive Program. This was accomplished approximately six to seven years ago by the Shawnee Economic Development Foundation and that information was presented at that time to the then City Manager, Brian McDougal, and City Attorney, Mary Ann Karns.

No action was taken by the City due to the lack of dedicated funds and no desire to pursue dedicated funds to operate an incentive program. We would be happy to backtrack through our past electronic files to see if we can find that document.

SELF-SUSTAINING ECONOMIC DEVELOPMENT PROGRAM:

Most communities our size and larger in Oklahoma and elsewhere in the nation have economic development programs. While there may be some programs that are self-sustaining, that is not nor has been the normal method of operation, especially for a community our size.

At this time, with the exception of the Mid-America Industrial Park, which is a self-sustaining public trust, we are unaware of any other economic development programs in Oklahoma that are self-sustaining or self-funded.

The majority of economic development programs operate through a dedicated economic development sales tax or similar to our program, provide services under contract through a municipality or county government.

Additionally, some economic development programs are operated under the supervision and oversight of a municipality or county government with the economic development staff serving as government employees.

Regardless of the economic development program operations, the main objective is to enhance and assist the growth of revenue streams for those they are under contract with or those they serve. There is a long list of how we accomplish this and are happy to explain in greater detail with specific examples.

FEES and CHARGES:

To assist our organization's economic development efforts, we subscribe or belong to several partnerships that enhance our economic development activities. Those include:

- **The Greater Oklahoma City Partnership. (OCCRP)**

A ten-county partnership operated by the Oklahoma City Chamber's Economic Development Division. It offers access to a long list of software tools, plus a highly trained economist and his research staff.

The tools that we have access to not only help us pursue our own business and industry recruitment efforts but also assist us in supporting the existing companies in our community by developing their own business targets and vendors as well as help resolve supply chain issues.

These software tools, and the research team who support us, assist in our response to Requests for Information from prospects that come from our own internal sources, the Oklahoma Department of Commerce, Site Selectors or the Greater Oklahoma City Partnership itself.

Our organization also receives a membership in the International Economic Development Council, by being a member of the OCCRP, which allows us to remain current on economic development trends and activities that are being used across the nation. The return on investment of this membership allows us to review programs and action steps that we can apply in our own community.

- International Council of Shopping Centers: (ICSC)

We are also a member of the International Council of Shopping Centers, (ICSC). It is the most common professional association that communities, national brand retailers, retail site selectors, and retail consultants belong to. This membership provides us with insight into the retail trends across the nation, which can benefit our retail recruitment efforts.

The ICSC hosts retail conferences and trade shows where communities can meet retailers and explore their interests or plan to expand their locations into other communities. The two most common events that our community has been represented at have been the ICSC Dallas event and the Annual ICSC Conference in Dallas.

- Oklahoma Economic Development Council: (OEDC)

Over the past two years, we have been a member of the OEDC, which is a lobbying arm of the State Chamber of Commerce. Currently there are some planned revisions being considered which would move that association from the State Chamber to the Oklahoma Department of Commerce.

- Accounting/Auditing:

The economic development division of Shawnee Forward also pays their portion of the costs for outside supportive services related to our accounting and payroll needs, as well as a portion of the fees related to the annual audit.

ACCOMPLISHMENTS:

For the most part economic development is a lengthy process and our community has seen consistent and strong growth over the past decade, due to a strong commitment and a collaborative effort from our City, it's leaders, and those who are partners in the economic development process. Having a good team and patience in this process is a driver for success.

Many times, our economic development efforts simply supply information that a prospect may not be able to find elsewhere but are essential to make their decision to invest in the area. This also presents opportunities to be involved at a much higher level on an entire project based upon the prospect's needs.

A higher level of involvement can include providing data and demographics, site selection, engineering guidance, and supporting the business leaders as they begin to design or hire their contractors. Additionally, providing guidance on how to work with local governing bodies on code compliance, permitting and development of a property can solidify a relationship with a new employer.

The aforementioned efforts lead to supporting new entities on how to attract and train their workforce, to a host of other needs. Each project has its own set of requirements and each prospect has its own set of needs to allow them to make investment decisions.

This past fiscal year we have seen the culmination of several projects that are and will continue to pay dividends in this community and region. Among those are the following highlights;

Bison Metals Technologies: (Project origination dates of January 2009.)

Without question, the most complicated, detailed and time-consuming project we were involved in this past fiscal year. The closure of the Shawnee Tubing Industries facility and the reopening of the plant under new ownership is a major win for the community.

Even though we were promised that they would do otherwise, the New York City ownership failed to make the necessary investments into the facility and announced to the public in October that they would be closing the facility and laying off the 150 + employees.

After the sudden announcement, we worked diligently with their management team over the next 90 days to wind down operations at the plant. At the same time, we were involved in the process of helping those affected employees find new employment opportunities.

We were also working concurrently with those financial institutions who held the mortgage on the property, those who had made a financial investment to save the company from being sold overseas in 2017, and a new equity group that wanted to acquire the business.

Our community received an early Christmas gift on December 20th, when the equity group of Manchester Principal was able to acquire the company from American Industrial Acquisition Corporation and negotiate the lease terms with Shawnee Tubing Real Estate.

This acquisition has allowed for a resurgence to take place at the plant, with between \$2 to \$2.5 million being expended to refurbish the existing equipment, acquire new state of the art production machinery from Europe, and begin the process of rehiring employees. The management of the company has been retraining the employees to be cross-trained and has a goal of bringing back their employment levels to 340 over a three-year time frame. They anticipate the wage levels of these employees to be \$25.00 to \$28.00 per hour.

It is important to note that without the support of the City of Shawnee to work with the new owners to resolve a long-standing problem with their wastewater discharge levels, this project would not have gotten off the ground. Economic development is a team effort. We are delighted to have professionals at City Hall who are a vital part of that team.

Keystone Food Services: *(Project origination date of December 2016.)*

Our economic development organization recruited Keystone Food Services to the community in 2016, when they came to the community to look at the Shell Building. While our building was too large for their needs, we were able to help them find another building in Shawnee, which they purchased and renovated.

Starting this past fall, Keystone has recently finished a 12,000 sq. ft. + expansion to their facility located at Kennedy and the Kickapoo Spur. This addition will expand the products and services that they offer to the K-12 schools that they serve all over the state of Oklahoma. They currently employ 37 and help to diversify the types of jobs offered in our community.

In our recent conversations with the leadership of this business, they already have another project in the wings that they are currently researching. We anticipate them to continue their local growth pattern.

Bar H Bar, Branding Iron / Bonray Resources: *(Project origination date of July 2015.)*

After years of assisting the prospect with his search for suitable locations, Richard Hefner opened two developments this past fall. His 6,000 sq. ft. full-service, sit-down restaurant and his 9,000 sq. ft. commercial space on Vision Way and his new office park development located at Hyatt and 45th, across from Gordon Cooper Technology.

These two areas will help us attract more retails, along with those who will need more commercial and professional office space.

Sancho Ancho: *(Project origination date of December 2018.)*

Tracy Qualls began recruiting this business to the community upon her arrival in the summer/fall of 2018. The lease and renovation of the former Delta Café on Kickapoo has allowed our community to offer one more full service, sit down restaurant to the consumers who live here or to those who visit our community.

Leo / Independence Roadway Improvements: *(Project origination date of August 2019.)*

Shawnee Forward staff became involved in the project when it became apparent that Georg Fischer would not be willing to put up the seed money that was necessary to obtain the rest of the funding that the Oklahoma Department of Transportation (ODOT) had offered to supply toward the roadway upgrade project.

Due to some staff changes at City Hall and a need to clarify who was supplying the matching money, staff worked with the City, County, and the ODOT to develop a method where the County would provide the matching money and work with the City on the engineering, bidding and project oversight processes.

This project will allow for Leo from Highway 177 to Independence to be repaired, and repairs to Independence from just west of Haskell Lemon to where the roadway transitions to Leo at the curve by Rempel Redi-Mix, to just south of the Kickapoo/Leo intersection. These improvements will benefit the Expo Quick Stop, Haskell Lemon, Georg Fischer, Rempel Redi-Mix, their employees and vendors, plus any of the residents that frequently use these roadways.

Georg Fischer Business Acquisitions: (Project origination date of February 2014.)

Many of the economic development organizations in the U.S. only pursue new business attractions and ignore the existing companies in their communities. Annually there are around 250 new business locations in the nation with 80% of those going to a major metropolitan area. That leaves around 50 projects that will be located in smaller communities. Competition for those 50 projects is fierce and often requires hefty cash incentives to land the prospect.

A major part of Shawnee Forward's strategic economic development plan is to remain active with our Business Retention and Expansion efforts (BR&E). Nationally 75% to 80% of all net new jobs come from our existing firms, which makes undertaking BR&E work crucial to the growth of our local economy. At a recent public employee event, the local leadership of Georg Fischer announced they have plans to double their workforce over the next 5 years. They currently employ 650 employees.

Georg Fischer has proven to be a company with an aggressive strategic growth plan, year after year, and who has been willing to allow us to work with them to explore resources that can support their plan. Currently, they are working on their plans to expand the local manufacturing facility, which could accommodate the relocation of two businesses they have recently acquired. (The acquired businesses were located in Guadalajara, Mexico and in El Paso, TX.). They are also reviewing options on where to locate the R&D Center for all of the Americas.

To accommodate any type of growth at their facility, they will need to build additional parking areas, determine if they can reroute a waterway at the side and rear of their facility, change the manner in which they retain the water that flows onto their property, and how said water is captured on their site. Additionally, they will incorporate plans to provide greater security at the site and make a determination about having their raw materials delivered by rail.

The Shawnee Forward staff has been involved in some form or manner with Georg Fischer in all areas, along with the review of the ability of the business to obtain incentives from the state of Oklahoma and also in reviewing the supportive services that can be offered by the University of Oklahoma's Public-Private business representatives.

United Dynamics Facility Relocation: (Project origination date of October 2015.)

Operating an effective BR&E plan oftentimes requires us to be patient with the existing company prospect and their process. In the mid part of 2015, when Crystal Works made a decision to close their facility, we provided the owners of then TDGI, with the property information of that manufacturing property.

That led to the leaders of the company buying the Crystal Works site. Over the next few years, they completed a series of upgrades and renovations to the facility. The company moved into their new facility in the late part of the summer of 2019.

We have remained in contact with them to support their needs and recently we have provided them with a new contact who can assist them with their desire to do more work at Tinker AFB and with the FAA. By creating continual contacts, Shawnee Forward retains meaningful relationships with our manufacturers.

TDK: (Project origination date of July 2018.)

In the mid part of 2018, the local leadership of TDK contacted us with a request for a meeting. Their corporate leadership was interested in relocating the Shawnee operations to either Nashville TN or Charlotte NC. Our role at that time was to determine what the operational cost factors were between those communities and Shawnee.

Staff worked with the OKC-based economist we have access to thru our membership with the OCCRP to develop the cost difference and availability of labor in those markets versus ours, along with the operational costs associated with property taxes, utilities costs, state taxation, workers compensation costs and so on.

While that may or may not have been a deciding factor, in the past few months, TDK has completed a long-overdue upgrade of their wastewater discharge treatment facility, and an upgrade to an idle building on the north end of their property. We have already been working with a couple of prospects on that refurbished site. Those re-investments lend us to believe the company has made a recommitment to remain in the community.

SSM Health St. Anthony Hospital: (Project origination date of June 2017.)

We have been working with the local leadership of the hospital for a long time and in June of 2017, we were asked to help them find a suitable location for a new Ambulatory Care facility. The site selection criteria included that it had to be visible from I-40, in a high traffic corridor and easily accessible.

Staff had provided the local leadership with numerous sites, along with the contact info and positives and negatives associated with each site. These services were an ongoing process over several years as different sites became available or changed ownership. Often times we served as a source of information to the SSM leadership to allow them to remain anonymous to the client.

At the end of 2019 that work finally came to fruition as a groundbreaking ceremony was held at their new N. Harrison location, where they are constructing a 33,000 sq. ft. facility.

Bison Crossing: (Project origination date of June 2016.)

From the beginning of the development to now, we continue to provide, John Peck, the owner with insight into where the retail gaps are in this community and send prospects his direction. (We do that for numerous commercial developers.)

It is impossible to predict if a project will be successful until it actually opens up. Regardless of the outcome, we send the prospect to the developer and other developers to allow them to connect. While few ever realize it, we can look back over the course of the past several years and see that those we have referred to Bison Crossing or suggested as possible retail targets are now located there. (Huntington Jewelers, food vendors, laundry mat, etc.).

We consistently use the 2019 Shawnee Market Assessment to help highlight the retail gaps in our community in our communications with our property developers or owners and the retail or commercial prospects we encounter.

Marble Slab Creamery and the Great American Cookie Factory: (Project origination date of March 2019.)

Opening right after the Christmas season, this was a fast-paced project and an example of when a prospect was seeking a site and the connection was ready to provide him with a location.

In March of 2019, Tim Nye contacted our office and asked us to suggest a site for his retail venue. We provided him with a long list of properties on Kickapoo, MacArthur, and Harrison to consider. Our information on those sites included traffic counts, property developers or owners, zoning and other projects that were being planned in the immediate areas of those sites, that we were aware of.

Services for Citizens

This past year, with the help of Lindie VanAntwerp and Jeremy Davidson, our organization implemented some new economic development activities that we classify as Services for Citizens. Those services include, but are not limited to the following areas:

Communications

- Shawnee Forward is a leader in communicating timely and relevant business and community news online through the Shawnee Forward website, Mass Email, Facebook, Twitter, Instagram, Twitter, LinkedIn, and Pinterest. Access to these are provided at no charge.
- We work with local businesses, nonprofits, and organizations to disperse information related to their activities.

Workshops and Seminars

- This year we became a Grow with Google Certified Partner which enables us to provide important training to our community. The Google platform is a primary driver of foot traffic and online traffic for our businesses and organizations. We provide these courses at no cost or for the cost of the provided lunch or breakfast.
- Working with Gordon Cooper Technology Center and other strategic partners we identify workforce needs related to digital marketing systems, office automation systems, and office productivity systems. From this needs assessment we have implemented more than a dozen workshops to build KSAs (Knowledge, Skills and Abilities) in our business community.

Leadership Shawnee

- Leadership Shawnee is a Nine-Month experience where 24+ community members explore a number of community programs, resources, and departments at the local and state level. We also provide leadership training through this program. Our participants enjoy learning about Shawnee, meeting staff at the City and County level, and the networking with other professionals that take place. We believe this program helps connect and train future leadership for organizations throughout Shawnee.

State of Series

- Our community enjoys the "State of" Luncheon series that we host. These events include State of the Governments, State of the Schools, the Tribal Forum, Legislative Luncheons, and the State of the State events where leaders from the State and Federal level present to our community. We had over 120 attendees at our Tribal Forum and are averaging 74 in our other State of events.

COVID-19

- While the ramifications of this Global pandemic are still being dealt with, at the direction of our leadership, the Shawnee Forward staff initiated a series of communication measures to assist the residents and businesses in our area learn how they could combat the threat from this virus. Through the use of our website, email and social media sites, these processes included acting as a hub or clearing house for information being received from our local, state and federal authorities, the medical and healthcare providers in the region, and from the schools who enacted their own support measures. The key goal was to disseminate this information as quickly as possible, to anyone who had access to a computer or electronic device, to allow them to understand the threats, available resources and to offer a way to separate the facts from the rumors. At the time of this report, this work is still underway.

2020 / 2021 FUNDS REQUESTED and PROPOSED EXPENDITURES:

As it is with any new organization, we are still working through the changes that a merger creates and dealing with the ongoing shifts in the marketplace. Undoubtedly, we will face unknown barriers to growth in the 2020/2021 Fiscal Year along with challenges that are ongoing and no different than what we have experienced in the past.

Our request of \$307,000, (*Unchanged from the current level of funding*), will be focused on where we can accomplish the greatest return on investment for those we serve.

Those areas will include, but not be limited to:

Our continued Business Retention and Expansion efforts that can assist in creating and retaining the largest number of wealth-producing jobs for our area, along with a realistic approach to attracting new business.

Concurrently we will take several different approaches to our workforce development efforts and work closely with the career tech systems, local colleges and universities in the area to hopefully align their systems.

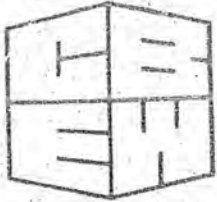
We plan on shifting some of the staff's time to provide a greater focus on economic development information on our website, social media platforms and marketing deliverables.

After a hiatus this past fiscal year, we are already in discussions with a retail consultant about using their services to once again help us attract larger national brand retailers to our market. At the same time, we will focus on supporting those businesses in our community who are already located here, by encouraging them to widening their outreach to the consumers in our primary and secondary trade areas.

We will also see changes in the manner in which we market the Shell Building and the other available properties, which have proven to be beneficial to attract new business to the community.

We will continue to share the cost of a downstairs receptionist with the Shawnee Tourism organization.

This concludes our response to the list of questions and documents listed in the City of Shawnee Resolution No. 6559. If there are other items that you require or identify an oversight on our part, please contact us at your earliest convenience to address those items.



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August 16, 2019

To the Board of Directors
Shawnee Forward, Inc.
Shawnee, Oklahoma

We have audited the financial statements of Shawnee Forward, Inc. (a non-profit organization), as of June 30, 2019, and have issued our report thereon dated August 16, 2019. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S Generally Accepted Auditing Standards

As stated in our engagement letter dated August 9, 2018, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated August 9, 2018 and our discussion with your staff about planning, scope and timing matters during the months of July and August 2019. In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis of our opinion, it does not provide a legal determination on the Organization's compliance with those requirements.

We are responsible for communicating significant matters related to the audit that are, in our professional opinion, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

SIGNIFICANT AUDIT FINDINGS:

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. The Organization adopted FASB 2016-14 regarding the presentation of the financial statements and enhanced disclosures for Not-For-Profit entities. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

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Accounting Estimates (continued)

Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable to the financial statements taken as a whole.

Certain financial statement disclosures may be particularly sensitive because of their significance to financial statement users. None of the disclosures are particularly sensitive. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of the audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

During our audit procedures, we obtain an understanding of the internal controls in place at the organization. We note that Finley & Cook was hired in June 2019 to assist with the segregation of duties and implementing controls to adequately protect the entity's assets and ensure accurate financial reporting. Prior to Finley & Cook's involvement, the organization lacked controls over financial reporting. At year end, this is no longer an issue.

This information is intended solely for the use of the Board of Directors and management of Shawnee Forward, Inc., and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

CBEW Professional Group, LLP

CBEW Professional Group, LLP
Certified Public Accountants

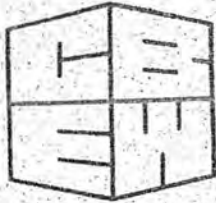
SHAWNEE FORWARD, INC.

BASIC FINANCIAL STATEMENTS
June 30, 2019

SHAWNEE FORWARD, INC.
Shawnee, Oklahoma

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INDEPENDENT AUDITOR'S REPORT

August 16, 2019

To the Board of Directors
Shawnee Forward, Inc.
Shawnee, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Shawnee Forward, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the 16-month period 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Shawnee Forward, Inc., as of June 30, 2019, and the changes in its net assets and its cash flows for the 16-month period then ended in accordance with accounting principles generally accepted in the United States of America.

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SHAWNEE FORWARD, INC.
Shawnee, Oklahoma

STATEMENT OF FINANCIAL POSITION
June 30, 2019

ASSETS

Current assets	
Cash and cash equivalents (Note 1)	\$ 177,713
Investments	19,992
Accounts receivable	8,130
Pledges receivable, current portion	135,810
Prepaid insurance	7,476
Total current assets	<u>349,121</u>
Fixed assets (Notes 1 and 3):	
Shell Building - investment	1,427,508
Land	46,626
Buildings and improvements	243,453
Office furniture and equipment	84,423
Total fixed assets	<u>1,802,010</u>
Less accumulated depreciation	(222,964)
Total capital assets, net	<u>1,579,046</u>
Other assets	
Pledges receivable, noncurrent portion	111,065
Mineral interest	1,000
Shawnee Tubing Real Estate LLC investment	100,000
Total other assets	<u>212,065</u>
Total assets	<u>\$ 2,140,232</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 2,029
Accrued payroll and payroll liabilities	5,816
Accrued compensated absences	3,854
Accrued interest payable	27,966
Security deposit payable	2,600
Current portion of long-term debt	1,230,136
Total current liabilities	<u>1,272,401</u>
Long-term liabilities	
Note payable	1,289,460
Less current portion	(1,230,136)
Total long-term liabilities	<u>59,324</u>
Net assets:	
Net assets without donor restrictions	561,632
Net assets with donor restrictions	246,875
Total net assets	<u>808,507</u>
Total liabilities and net assets	<u>\$ 2,140,232</u>

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

SHAWNEE FORWARD, INC.
Shawnee, Oklahoma

STATEMENT OF ACTIVITIES
For the 16 Month Period Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 152,225	\$ 246,875	\$ 399,100
Contract - City of Shawnee	306,831	-	306,831
Fundraising income	78,552	-	78,552
Interest income	796	-	796
Membership dues and events	138,910	-	138,910
Miscellaneous income	1,599	-	1,599
Rental income	87,774	-	87,774
Net assets released from restriction:	-	-	-
Total revenues	766,687	246,875	1,013,562
Expenses:			
Program services	459,482	-	459,482
Management and general	220,675	-	220,675
Fundraising	53,195	-	53,195
Total expenses	733,352	-	733,352
Operating income (loss)	33,335	246,875	280,210
Other income and expenses			
Transfer from Shawnee Economic Development Foundation	499,350	-	499,350
Transfer from Greater Shawnee Area Chamber of Commerce, Inc.	28,947	-	28,947
Total other income and expenses	528,297	-	528,297
Increase (decrease) in net assets	561,632	246,875	808,507
Net assets - beginning of year	-	-	-
Net assets - end of year	\$ 561,632	\$ 246,875	\$ 808,507

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

SHAWNEE FORWARD, INC.
Shawnee, Oklahoma

STATEMENT OF FUNCTIONAL EXPENSES
For the 16 Month Period Ended June 30, 2019

	Program Services	Management and General	Fund Raising	Total
Advertising	\$ 3,363	\$ 9,580	\$ -	\$ 12,943
Bank charges	262	2,912	-	3,174
Depreciation	14,148	2,558	-	16,706
Development (staff and board)	-	5,292	-	5,292
Dues, memberships and subscriptions	27,131	9,474	-	36,605
Fundraising	-	-	22,030	22,030
Insurance	9,634	6,284	-	15,918
Interest expense	-	1,116	-	1,116
Payroll taxes	21,339	6,706	2,439	30,484
Postage and printing	408	4,386	-	4,794
Professional services	9,288	28,705	-	37,993
Rental expense	-	33,323	-	33,323
Repairs and maintenance	8,891	5,059	-	13,950
Salaries and benefits	258,077	80,582	28,726	367,385
Shell building expense	71,126	-	-	71,126
Special events	20,855	-	-	20,855
Supplies	3,008	13,015	-	16,023
Travel	2,820	8,144	-	10,964
Telephone and internet	1,133	2,093	-	3,226
Utilities	7,999	1,446	-	9,445
Total	\$ 459,482	\$ 220,675	\$ 53,195	\$ 733,352

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

SHAWNEE FORWARD, INC.
Shwane, Oklahoma

STATEMENT OF CASH FLOWS
For the 16 Month Period Ended June 30, 2019

Cash flows from operating activities:	
Increase (decrease) in net assets	\$ 808,507
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	16,706
Transfer from Chamber & SEDF	
(Increase)/decrease in pledges receivable, net	(246,875)
(Increase)/decrease in accounts receivable	(8,130)
(Increase)/decrease in prepaid expenses	(7,476)
(Decrease)/increase in accounts payable	2,029
(Decrease)/increase in accrued payroll & payroll taxes	5,816
(Decrease)/increase in accrued compensated absences	3,854
(Decrease)/increase in accrued interest payable	27,966
(Decrease)/increase in security deposit payable	2,600
Net cash provided by operating activities	<u>604,997</u>
Cash flows from capital and related financing activities:	
Acquisition & construction of capital assets	(1,595,752)
Proceeds (payment) on debt	1,289,460
Net cash used in capital and related financing activities	<u>(306,292)</u>
Cash flows from investing activities:	
Net (purchase) redemption of investments	(19,992)
Business investment	(101,000)
Net cash provided by investing activities	<u>(120,992)</u>
Net increase (decrease) in cash	177,713
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	<u>\$ 177,713</u>
Supplemental Cash Flow Information	
Interest paid	\$ 31,038
Income taxes paid	-

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

SHAWNEE FORWARD, INC.
Shawnee, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the 16 Month Period Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Shawnee Forward, Inc. (the Corporation), is a non-stock, non-profit business association that promotes a regional vision. The organizations that came together to form this Corporation included the Greater Shawnee Area Chamber of Commerce, Inc., and the Shawnee Economic Development Foundation. This new Corporation has a common vision to serve the interests of the greater Shawnee area. To the extent consistent with the above general purposes, the specific purposes for this Corporation also include: (a) To generate jobs and investment; (b) To develop and maintain a greater Shawnee, Oklahoma area program to assist existing businesses and entrepreneurs; (c) To attract new businesses in order to improve the economic well-being of area residents; (d) To cultivate talent and leadership; (e) To promote and develop the resources of the Greater Shawnee, Oklahoma area and of its component municipalities; and (f) To enhance the quality of life concerns that has an impact on economic growth and development in the area.

The Corporation began operation in March 2018 and the financials reflect data of a 16-month period. However, assets and liabilities from the Greater Shawnee Area Chamber of Commerce, Inc., and the Shawnee Economic Development Foundation were not transferred to Shawnee Forward, Inc., until July 1, 2018 (see Note 14 for detail of transfer).

B. Basis of Presentation

The financial statements of the Corporation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Corporation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

C. Change in Accounting Principle

On August 18, 2016, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The new standard is effective for the year ended June 30, 2019, and thereafter. Adoption of ASU 2016-14 did not result in an reclassifications or restatements to net assets or changes in net assets.

D. Deposits and Investments

All bank deposits are held at various financial institutions and are carried at cost. The Corporation's cash deposits are covered by Federal Depository Insurance (FDIC). For purposes of statements of cash flows, the Corporation considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

SHAWNEE FORWARD, INC.
Shawnee, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the 16 Month Period Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property and Equipment

Property and equipment are recorded at cost if purchased or at acquisition value if donated and are depreciated using the straight-line method over the estimated useful lives of the respective assets. Ordinary repairs and maintenance are expenses in the period in which they occurred. The Board is currently working on establishing a capitalization policy.

F. Fair Value of Financial Instruments

The Corporation's financial instruments include cash and cash equivalents, investments, pledges receivable, and accounts payable. The Corporation's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial condition. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

The Corporation's investments are composed entirely of Certificates of deposit with an initial maturity in excess of three months and are measured at Level 1.

G. Income Taxes

The Corporation in the process of submitting the application to become exempt from federal and state income taxes as described in Section 501(c)(6) of the Internal Revenue Code. While contributions to the Corporation are not qualified charitable deductions, they may be deductible as trade or business expenses if ordinary and necessary in the conduct of the contributor's business. The Corporation is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. As a result, no provision for current or deferred income tax liability is recognized in the Corporation's books and records.

H. Compensated Absences

It is the Corporation's policy to permit full-time employees to accumulate earned but unused vacation time. Full-time employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure. Sick leave may be accumulated from year-to-year, not to exceed 30 days. However, any unused sick leave will not be paid out at any time. At termination, either voluntary or involuntary, an employee will be paid for the balance of earned and accrued vacation at the current base rate of pay. Employees can carry forward 40 hours of vacation to the next year.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

J. Advertising Costs

Advertising costs are charged to operations in the period incurred.

SHAWNEE FORWARD, INC.
Shawnee, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the 16 Month Period Ended June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Shawnee Forward reports gifts of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Donor contributions whose restrictions are met in the same reporting period are treated as net assets without donor restrictions.

L. Support and Revenue

The major sources of support for Shawnee Forward's general operations are dues and contract income from the City of Shawnee. Membership dues are recognized as revenue as billed in the applicable membership period. Membership dues are net assets without donor restrictions available for use for administration, programs and projects of the Corporation. Contract support are recognized as revenue in the applicable year that funds are received. Shawnee Forward also receives rental income, which is recognized in the year that it is earned.

2. PLEDGES RECEIVABLE

The Corporation accounts for pledges for units of participation in accordance with FASB ASC 958-310-50, *Accounting for Contributions Received and Contributions Made*.

Unconditional promises to give in more than 1 year are reflected at the present value of estimated future cash flows using a discount rate of 3.00%. Net pledges receivable and maturities at June 30, 2019, were as follows:

As of June 30, 2019	
Gross amounts of pledges receivable	\$ 250,310
Less present value discount	(3,435)
Net pledges receivable	\$ 246,875
Amount due in:	
1 year or less	\$ 135,810
2 to 5 years	111,065
Over 5 years	-
Net pledges receivable	\$ 246,875

3. SHAWNEE TUBING REAL ESTATE LLC INVESTMENT

In April 2017, Shawnee Economic Development Foundation invested \$100,000 for 5 units at Shawnee Tubing Real Estate, LLC. Those unit shares were transferred to Shawnee Forward when the Foundation merged with the Chamber to create the new Corporation. Several businesses and organizations in the Shawnee area become investors in this company to help keep jobs and the business operating in the local area. Financials are provided to the unit holders on a regular basis. Currently, Shawnee Forward should recover its initial investment, plus their share of distributable profits.

SHAWNEE FORWARD, INC.
Shawnee, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the 16 Month Period Ended June 30, 2019

4. PROPERTY AND EQUIPMENT

The following is a summary of changes in property and equipment.

	Balance June 30, 2018	Additions/ Transfers	Deletions	Balance June 30, 2019
Land	\$ -	\$ 46,626	\$ -	\$ 46,626
Shell Building - investment	-	1,427,508	-	1,427,508
Buildings & improvements	-	243,453	-	243,453
Furniture, fixtures and equipment	-	84,423	-	84,423
Total	-	1,802,010	-	1,802,010
Less accumulated depreciation	-	222,964	-	222,964
Net	\$ -	\$ 1,579,046	\$ -	\$ 1,579,046

Depreciation expense for the current year is \$17,220.

5. NOTE PAYABLE

On February 17, 2016, Shawnee Economic Development Foundation (now the Corporation) issued a construction loan payable to BancFirst, in the amount of \$1,300,000, for the construction of a building. The construction of the building has been completed and \$1,220,331 has been drawn down on the note. Principal payments are not due until February 2019, and the note is secured by business assets. The note was renewed upon maturity, and the note is now set to mature on February 17, 2020, with interest being at 5.5% on the note, subject to annual fluctuations to market. Accrued interest payments are due semi-annually.

On March 7, 2016, Greater Shawnee Area Chamber of Commerce (now the Corporation) entered into a note payable with Shawnee Industrial Authority in the amount of \$100,000 with an interest rate of 1.5%, for the purchase of a heat and air unit. The note is set to mature on March 7, 2026.

Note Payable:	Balance 6/30/2018	Additions/ Transfers	Reductions	Balance 6/30/2019	Current Portion
BancFirst- Construction	\$ -	\$ 1,220,331	\$ -	\$ 1,220,331	\$ 1,220,331
Shawnee Industrial Authority	-	78,789	(9,660)	69,129	9,805
Total	\$ -	\$ 1,299,120	\$ (9,660)	\$ 1,289,460	\$ 1,230,136

The debt requirements to maturity, including principal and interest for long-term debt are as follows:

Maturities June 30,	Principal	Interest	Total Due
2020	\$ 9,805	\$ 970	\$ 10,775
2021	9,953	822	10,775
2022	10,104	671	10,775
2023	10,256	519	10,775
2024	10,411	364	10,775
2025-2026	18,600	256	18,856
Total	\$ 69,129	\$ 3,602	\$ 72,731

SHAWNEE FORWARD, INC.
Shawnee, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the 16 Month Period Ended June 30, 2019

6. RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation continues to carry commercial insurance for these risks, including general liability, property damage, and public officials' liability.

7. PENSION PLAN

The Corporation established a SEP pension plan covering all employees. The Corporation contributes 5% of eligible participants' base salary. Participants immediately became eligible of the plan. Contributions to the plan were \$11,020 during the year.

8. RENTAL INCOME

The Corporation (formally SEDF) entered into a lease agreement with Central Oklahoma Community Action Agency (COCAA) on April 1, 2018, to lease the first and second floors of the Corporation's building for COCAA operations, located at 131 N. Bell. The lease agreement was only for a 9-month contract and lease payments were \$4,296.25 per month. The lease agreement was renewed on January 1, 2019 for an annual contract with COCAA, with lease payments remaining the same.

The Corporation (formally the Chamber) entered into a lease agreement with Visit Shawnee, Inc. on May 1, 2016, to lease the half of the first floor of the building that the Corporation operates in at 231 N. Bell. The term of the lease is May 1, 2016 to June 30, 2021 at \$2,600 per month, which includes utilities. Visit Shawnee agrees to pay, in addition to monthly rent, their portion of telephone and interest services.

The following is the activity for the rental properties during the year:

	131 N. Bell.	231 N. Bell	Total
Rental Income	\$ 51,555	\$ 36,219	\$ 87,774
Insurance	(3,152)	(7,283)	(10,435)
Repairs & Maintenance	(379)	(2,400)	(2,779)
Telephone	-	(3,185)	(3,185)
Utilities	(9,152)	(7,772)	(16,924)
Total	\$ 38,872	\$ 15,579	\$ 54,451

9. RELATED-PARTY TRANSACTIONS

The Corporation has entered into an annual contract with the City of Shawnee to perform certain economic development services. Under the terms of the contract, the City agreed to pay the Corporation the \$286,000 each year for such services. Annual evaluations of program results are made, and continuation or extension of the contract is subject to mutual approval by the City and the Corporation.

10. FUNCTIONAL EXPENSES

Per requirement of FASB ASU 2016-14, Shawnee Forward, Inc., adopted a methodology policy for allocation of functional expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other which are allocated on the basis of estimates of time and specific use.

SHAWNEE FORWARD, INC.
Shawnee, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the 16 Month Period Ended June 30, 2019

11. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet, comprise of the following:

Cash and cash equivalents	\$	177,713
Investments		19,992
Accounts receivable		8,130
Pledges receivable		<u>246,875</u>
Financial assets, at year-end		<u>452,710</u>
Net assets with restrictions		<u>(246,875)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>205,835</u></u>

Shawnee Forward, Inc., has \$452,710 of financial assets available at year end. Of that amount, \$246,875 are pledges receivable that are recorded as net assets with restrictions until the pledge is received. At year end, the Corporation has \$205,835 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditures. Shawnee Forward, Inc., is primarily supported through contributions, fundraising (special event), contract with City of Shawnee, membership dues, and other revenues. The Corporation manages its liquidity by developing and adopting an annual operating budget that provides sufficient funds for general expenditures in meeting its liabilities and other obligations as they come due. As part of the Corporation's liquidity management, cash balances in excess of daily requirements are invested in interest-bearing accounts.

12. NEW ACCOUNTING PRONOUNCEMENTS

In May 2014 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Not-for-Profit Entities (Topic 606): Revenue from Contracts with Customers, which is effective for OWL for the year ending December 31, 2019. This ASU establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers, particularly, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services (example: membership fees). Many of these changes will require additional effort and resources on the part of management.

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires entities to recognize all leased assets as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. The effective date of this standard is for fiscal years beginning after December 31, 2018. However, FASB has proposed to change the effective date for years beginning after December 31, 2020.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and have determined that no additional information will need to be added to the financial statements.

SHAWNEE FORWARD, INC.
Shawnee, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the 16 Month Period Ended June 30, 2019

14. TRANSFERS

During 2018, Greater Shawnee Area Chamber of Commerce, Inc. (Chamber) and Shawnee Economic Development Foundation (SEDF) entered into agreement, whereas both organizations agreed that it was mutually beneficial to jointly form a new 501(c)(6) entity, Shawnee Forward, Inc. (Corporation). The Corporation is to acquire the assets of both SEDF and the Chamber to more effectively represent the interests of both organizations within and throughout the greater Shawnee area without materially diminishing the missions of either.

The following was transferred to Shawnee Forward, Inc.:

ASSETS		SEDF	Chamber
Current assets			
Cash and cash equivalents	\$	69,664	\$ 34,502
Investments		19,844	-
Pledges receivable		42,400	-
Total current assets		131,908	34,502
Capital assets			
Shell building - invesment		1,263,998	-
Land		206,137	-
Buildings		142,458	100,995
Office furniture and equipment		47,489	36,933
Accumulated depreciation		(148,159)	(58,099)
Total capital assets		1,511,923	79,829
Other assets			
Mineral interest		1,000	-
Shawnee Tubing Real Estate LLC investment		100,000	-
Total other assets		101,000	-
Total assets	\$	1,744,831	\$ 114,331
LIABILITIES			
Current liabilities			
Accrued compensated absences	\$	2,269	\$ -
Accrued interest payable		22,881	-
Accrued payroll liabilities		-	3,995
Security deposit payable		-	2,600
Total current liabilities		25,150	6,595
Long-term liabilities			
Note payable		1,220,331	78,789
Total long-term liabilities		1,220,331	78,789
Total liabilities	\$	1,245,481	\$ 85,384
Net Transfer to Forward Shawnee:	\$	499,350	\$ 28,947

Shawnee Forward Inc
Profit & Loss by Class
 July 2019 through February 2020

	Economic Development Funds	TOTAL
Ordinary Income/Expense		
Income		
City of Shawnee		
Contract Income	154,000.00	154,000.00
Contract Increase	36,664.00	36,664.00
Total City of Shawnee	190,664.00	190,664.00
Total Income	190,664.00	190,664.00
Gross Profit	190,664.00	190,664.00
Expense		
Contract Services		
Accounting Fees	5,785.21	5,785.21
Outside Contract Services	2,083.27	2,083.27
Total Contract Services	7,868.48	7,868.48
Facilities		
Bldg Maintenance	150.00	150.00
Cleaning	79.50	79.50
Trash services	9.80	9.80
Utilities	251.74	251.74
Total Facilities	491.04	491.04
Operations		
Books, Subscriptions, Reference	6,992.10	6,992.10
Dues & Licenses	729.62	729.62
Equipment Repair & Maintenance	251.99	251.99
Insurance	62.14	62.14
Meals/Entertainment/Travel	2,954.40	2,954.40
Printing and Copying	236.89	236.89
Supplies	1,102.13	1,102.13
Telephone, Telecommunications	274.90	274.90
Total Operations	12,604.17	12,604.17
Personnel		
EE Benefits	501.69	501.69
EE Meals & Entertainment	87.31	87.31
EE Travel	709.51	709.51
Payroll Taxes	9,646.10	9,646.10
Retirement	3,762.66	3,762.66
Salaries	126,093.32	126,093.32
WC Insurance	104.41	104.41
Total Personnel	140,905.00	140,905.00
Total Expense	161,868.69	161,868.69
Net Ordinary Income	28,795.31	28,795.31
Other Income/Expense		
Other Income		
Lease Activities		
Shell Building		
Expenses	-10,872.10	-10,872.10
Interest - Bldg	-36,186.20	-36,186.20
Pott. County Income	32,076.06	32,076.06
Total Shell Building	-14,982.24	-14,982.24
Total Lease Activities	-14,982.24	-14,982.24
Total Other Income	-14,982.24	-14,982.24
Net Other Income	-14,982.24	-14,982.24

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Shawnee Forward Inc
Profit & Loss by Class
July 2019 through February 2020

	<u>Economic Development Funds</u>	<u>TOTAL</u>
Net Income	<u>13,813.07</u>	<u>13,813.07</u>

Shawnee Forward Inc
Profit & Loss by Class
 July 2019 through June 2020

	Economic Development Funds	TOTAL
Ordinary Income/Expense		
Income		
City of Shawnee		
Contract Income	231,000.00	231,000.00
Contract Increase	54,996.00	54,996.00
Total City of Shawnee	285,996.00	285,996.00
Total Income	285,996.00	285,996.00
Gross Profit	285,996.00	285,996.00
Expense		
Contract Services		
Accounting Fees	6,349.21	6,349.21
Outside Contract Services	2,083.27	2,083.27
Total Contract Services	8,432.48	8,432.48
Facilities		
Bldg Maintenance	150.00	150.00
Cleaning	91.50	91.50
Trash services	11.20	11.20
Utilities	258.81	258.81
Total Facilities	511.51	511.51
Operations		
Advertising	790.00	790.00
Books, Subscriptions, Reference	6,992.10	6,992.10
Dues & Licenses	729.62	729.62
Equipment Repair & Maintenance	251.99	251.99
Insurance	62.14	62.14
Meals/Entertainment/Travel	2,954.40	2,954.40
Printing and Copying	236.89	236.89
Supplies	1,102.13	1,102.13
Telephone, Telecommunications	274.90	274.90
Total Operations	13,394.17	13,394.17
Personnel		
EE Benefits	501.69	501.69
EE Meals & Entertainment	87.31	87.31
EE Travel	806.24	806.24
Payroll Taxes	9,646.10	9,646.10
Retirement	4,264.35	4,264.35
Salaries	126,093.32	126,093.32
WC Insurance	104.41	104.41
Total Personnel	141,503.42	141,503.42
Total Expense	163,841.58	163,841.58
Net Ordinary Income	122,154.42	122,154.42
Other Income/Expense		
Other Income		
Lease Activities		
Shell Building		
Expenses	-10,939.01	-10,939.01
Interest - Bldg	-36,186.20	-36,186.20
Pott. County Income	32,076.06	32,076.06
Total Shell Building	-15,049.15	-15,049.15
Total Lease Activities	-15,049.15	-15,049.15
Total Other Income	-15,049.15	-15,049.15
Net Other Income	-15,049.15	-15,049.15

Shawnee Forward Inc
Profit & Loss by Class
July 2019 through June 2020

	<u>Economic Development Funds</u>	<u>TOTAL</u>
Net Income	<u>107,105.27</u>	<u>107,105.27</u>

Shawnee Forward Inc
Budget for
July 2020 through June 2021

Economic Development Funds

Ordinary Income/Expense		
Income		
City of Shawnee		307,000.00
Expense		
Contract Services		8,466.00
Facilities		682.00
Operations		17,261.00
Personnel		209,418.00
Total Expense		<u>235,827.00</u>
Net Ordinary Income		71,173.00
Other Income/Expense		
Other Income		
Lease Activities		
Shell Building		
Expenses		-14,585.00
Interest - Bldg		-69,834.00
Pott. County Income		13,246.00
Total Shell Building		<u>-71,173.00</u>
Net Income		<u><u>0.00</u></u>

AGREEMENT BETWEEN THE CITY OF SHAWNEE AND SHAWNEE FORWARD

This Agreement made and entered into this 1st day of July, 2019, is between the City of Shawnee, a municipal corporation hereinafter referred to as "CITY", and Shawnee Forward, a 501(c)(6) business organization.

I. DUTIES AND RESPONSIBILITIES OF SHAWNEE FORWARD

1. Services Provided by Shawnee Forward. The purpose of this engagement is for the CITY to strive toward the fulfillment of both the long-range strategic plan for economic and industrial development for the CITY and the present economic development goals and priorities of the Mayor and Board of City Commissioners and as such plan, goals and priorities may be hereinafter amended from time to time. For purpose of this contract said plan, goals and priorities are here adopted and incorporated herein by reference. Shawnee Forward shall use its good faith and best effort to fulfill as much of the plan, goals and priorities as possible within the limitation of its budget. Such scope for work includes but is not limited to Shawnee Forward using its best efforts to accomplish the following general objectives:

- a. Expanding the economic base of the CITY and Pottawatomie County by seeking diversification of employment opportunities to balance the area's dependency on petroleum-based industry and agriculture.
- b. Encouraging and assisting resident industry to maintain and expand employment opportunities.
- c. Implementing a comprehensive and aggressive marketing program to attract new industrial manufacturing jobs to CITY.
- d. Providing materials including graphics and photos where appropriate to those individuals or companies evaluating the CITY for industrial and commercial investments.
- e. Creating a variety of marketable industry facilities by making best use of existing industrial potential and the development of new facilities where required.
- f. Providing additional employment opportunities.
- g. Encouraging and assisting state installations and federal installations in CITY to maintain employment and seek way to expand those facilities and attract new facilities.

- h. Shawnee Forward shall use its best efforts to prepare and develop industrial team visits, travel to various meetings, to encourage industrial prospect visits, state sponsored industrial team and international trade team visits and to train personnel, both professional and lay, to fulfill the purposes of job creation and job retention in the CITY as provided for by the budget in this Agreement.
 - i. Shawnee Forward shall have full responsibility for the filing of any tax documents necessary, keeping of records and detailed statements, keeping a detailed activity report, records for expenditures for training, travel and development account, and any other necessary record documentation.
 - j. Shawnee Forward shall undertake retail recruitment and attraction on behalf of the City. These duties shall include but not be limited to: development of marketing materials tied to the development of retail and commercial sites, to be used in recruitment or attraction of retailers, interaction with retailers, retail brokers, retail site selectors and developers, retail consultants, and City staff, and additionally develop and maintain a database of available properties, (land and buildings), suitable for retail development. Shawnee Forward staff shall, as deemed necessary or appropriate, and within the constraints of its budget, actively participate at the professional retail trade shows and become a member of the ICSC.
- 2. CITY Representation on Shawnee Forward Board of Trustees.** The Mayor or their designee, as confirmed by the City Commission, shall serve on the Shawnee Forward Board. The Shawnee City Manager shall serve as an ex officio member of the Shawnee Forward Board. No member of the Board of Commissioners shall hold any employment with Shawnee Forward or receive compensation for services rendered with Shawnee Forward.
- 3. Incentive Program.** Shawnee Forward, in conjunction with the CITY, shall prepare an incentive program for the retention, recruitment and expansion of businesses within the CITY.
- 4. Employees.** Shawnee Forward agrees to provide a qualified and competent staff to carry out a program of work that will meet the goals and objectives set out by Shawnee Forward and the CITY. All employees carrying out tasks pursuant to this Agreement are employees of Shawnee Forward and are not employees of the CITY.
- 5. Expenses of Operation.** Shawnee Forward agrees to maintain office and work space suitable for its operation and shall be responsible for all expenses relating thereto.

6. Records and Reporting.

- a. **Reports.** Shawnee Forward will provide a written monthly report of its activities to the CITY or as part of its monthly board meeting. Shawnee Forward will also provide an annual report in an appearance before the CITY Commission and status reports as requested by the Mayor or City Manager. The report will include a financial report as well as accomplishments in the previous year and plans for the upcoming year.
 - b. **Inspection and Audit.** Shawnee Forward agrees to keep its books and records pertaining to its operation open during regular business hours for inspection by the CITY's Finance Director, any designee, or persons designated by CITY to perform audits. Copies of books and records shall be furnished to CITY, its staff, auditors, and elected officials at no additional charge.
 - c. **Compliance with Open Meeting and Open Records Laws.** All meetings of Shawnee Forward shall be subject to the provisions of the Oklahoma Open Meeting Act (25 O.S. §§ 301-314). The records of the Shawnee Forward relating to its operation shall be subject to the provisions of the Open Records Law (51 O.S. §§ 24A 1-29 *et seq.*). Shawnee Forward staff shall post agendas for its meetings on their website in accordance with the Oklahoma Open Meeting Act. Copies of records shall be provided to CITY and its staff and elected officials without charge.
7. **Budget.** Shawnee Forward will submit its request for funding each year to the CITY's Contract Review Committee, which shall review the request in accordance with its procedures and make its recommendation to the Mayor and CITY Commission (See Section II, "Renewal.")

II. TERM OF AGREEMENT, NO TRANSFER OR ASSIGNMENT

1. **Effective Date.** This Agreement shall take effect on July 1, 2019 and shall remain in effect until June 30, 2020. All modifications to this Agreement must be in writing and approved by Shawnee Forward and by the CITY. The Agreement will be reviewed annually in conformance with the budget request and appropriation as set out above. Approval of a budget and appropriation of funds shall be deemed to be a one-year renewal of the Agreement.
2. **Transfer of Rights and Responsibilities.** No party to this agreement can transfer or assign its rights and responsibilities without approval of the other parties.
3. **Payment from the CITY to Shawnee Forward.** The CITY will pay to Shawnee Forward on a monthly basis a sum certain as specified in accordance hereunder to fund the marketing program and activities that Shawnee Forward is carrying out its duties on

behalf of the CITY during the operation of the program. The CITY will provide the annual sum of \$286,000 (payable as \$23,833 monthly), and Shawnee Forward will actively pursue raising similar funds from the private sector.

4. **Renewal.** Shawnee Forward shall submit a request for renewal to the City Clerk's Office no later than March 31, 2020. As a part of this request, Shawnee Forward shall submit a clean, unqualified audit of its financials and be prepared to substantiate the services rendered pursuant to this Agreement in the prior year. The City's Community Service Contract Review Committee will then review the request in accordance with its procedures and make its recommendation to the City Mayor and Commission. CITY agrees its Contract Review Committee will meet in a timely fashion so as not to delay a recommendation concerning contract renewal.

III. NON-DISCRIMINATION

Shawnee Forward agrees not to discriminate against any employee, applicant for employment, or party seeking the services of Shawnee Forward because of race, creed, color, national origin, gender, ancestry, disability, or Shawnee Forward membership. Shawnee Forward shall take affirmative action to ensure that employees are provided equal opportunity in employment, promotion, demotion, transfer, or termination, rates or pay, or other forms of compensation, and selection for training.

IV. WAIVER

The waiver by any part of any breach of any term, condition, or covenant herein contained shall not be deemed a waiver of any subsequent breach of the same, or any other term, condition, or covenant.

V. BREACH OF AGREEMENT

If either party to this Agreement fails, refuses, or neglects to abide by its duties and responsibilities hereunder, the other party may give notice of such breach. The breaching party shall be notified, in writing, of its alleged breach and shall be given sixty (60) days (unless such time is extended by the non-breaching party) to cure the breach. If the breach is due to violation of law or mismanagement or embezzlement of funds by Shawnee Forward, the Agreement shall terminate immediately. If the breach is not remedied, the other party may terminate the Agreement. The notice period shall not operate to extend the Agreement beyond its current term.

VI. GENERAL PROVISIONS

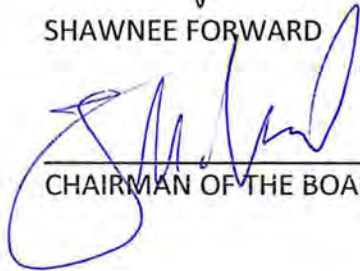
1. **Governing Law; Submission to Jurisdiction.** Notwithstanding any provision to the contrary, the law of the State of Oklahoma will govern the construction and enforcement of this agreement. The parties do hereby submit to the personal

jurisdiction of, and waive any objection to venue in, Pottawatomie County, Oklahoma State District Court for the resolution of any dispute arising out of this agreement.

2. **Full and Complete Agreement.** This Agreement shall constitute a full and complete understanding between the Parties with respect to the subject matter set forth herein. No representation, inducement, agreement, promise or undertaking, alteration, amendment, deletion or other such revision of or to this Agreement shall have any force or effect unless the same is in writing and validly executed by both Parties hereto.
3. **Severability.** Should any provision herein be determined to be illegal, invalid, void or unenforceable by a court of competent jurisdiction, the balance of the Agreement shall be deemed operative, to the extent possible.
4. **Survival of Representations and Warranties.** The foregoing representations and warranties shall survive the execution of this Agreement and the closing of any and all transactions contemplated herein.
5. **Attorneys' Fees.** Further, the parties agree that in the event any party shall commence any lawsuit, action, or proceeding to enforce the provisions of this Agreement, the prevailing party therein shall be entitled to recover from the non-prevailing party or parties the reasonable attorneys' fees, paralegal fees, costs, and expenses, incurred by the prevailing party therein, and the non-prevailing party covenants and agrees to promptly pay the same to the prevailing party upon demand.

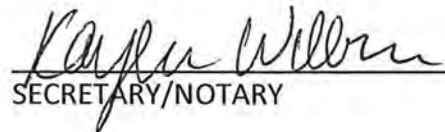
WITNESS our hands this 31st day of May, 2019.

SHAWNEE FORWARD



CHAIRMAN OF THE BOARD

ATTEST:



SECRETARY/NOTARY

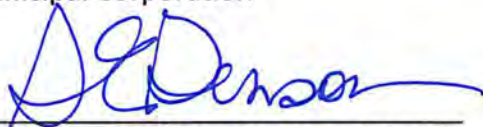


APPROVED by the Mayor and the City Commissioners of the City of Shawnee this 6th

day of May, 2019.



THE CITY OF SHAWNEE, OKLAHOMA
A Municipal Corporation


S. ERIC BENSON, INTERIM CITY MANAGER


LISA LASYONE, CMC, CITY CLERK

APPROVED as to form and legality this 6th day of June, 2019


MAT THOMAS, ATTORNEY AT LAW