



OPPORTUNITY RESOURCES, INC.  
INDEPENDENT AUDITOR'S REPORTS and  
FINANCIAL STATEMENTS  
For the Years Ended  
June 30, 2019 and 2018

**OPPORTUNITY RESOURCES, INC.**  
**Missoula, Montana**

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## Peterson CPA Group, P.C.

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Opportunity Resources, Inc.  
Missoula, Montana

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

We have audited the accompanying financial statements of Opportunity Resources, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018 and the related statements of activities, functional revenue and expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

#### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no 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 Opportunity Resources, Inc. as of June 30, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenditures by department on page 32 is presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 33, 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020, on our consideration of Opportunity Resources, Inc.'s internal control over financial reporting and on 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 results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Opportunity Resources, Inc.'s internal control over financial reporting and compliance.

*Peterson CPA Group, P.C.*

Missoula, Montana  
January 30, 2020

## **FINANCIAL STATEMENTS**

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of June 30, 2019 and 2018**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,684,380	\$ 1,558,714
Accounts Receivable, net	1,237,506	1,194,606
Inventory	260,323	216,107
Prepaid Expenses	145,709	31,411
TOTAL CURRENT ASSETS	3,327,918	3,000,838
INVESTMENTS	867,903	817,422
LAND, BUILDINGS, AND EQUIPMENT, net	4,698,063	4,837,473
OTHER ASSETS		
Funds Held-in-Trust	234,886	159,449
Deposits	711	41,402
Beneficial Interest in Endowment	97,934	95,244
TOTAL OTHER ASSETS	333,531	296,095
TOTAL ASSETS	\$ 9,227,415	\$ 8,951,828

The notes to the financial statements are an integral part of these statements.

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENTS OF FINANCIAL POSITION (continued)**  
**As of June 30, 2019 and 2018**

	2019	2018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 116,409	\$ 90,270
Payroll Taxes Payable	137,583	119,972
Wages Payable	140,321	119,083
Accrued Vacation and Sick Pay	411,854	379,966
NISH Payable	4,634	1,579
Customer Deposits	367	467
Unearned Income	350	-
Other Payables	375	145
Current Portion of Long-Term Debt	210,525	204,978
TOTAL CURRENT LIABILITIES	1,022,418	916,460
LONG-TERM DEBT, Net of Current Portion	608,464	817,913
OTHER LIABILITIES		
Funds Held-in-Trust	234,886	159,449
TOTAL OTHER LIABILITIES	234,886	159,449
TOTAL LIABILITIES	1,865,768	1,893,822
NET ASSETS		
Without Donor Restriction	6,944,665	6,645,596
With Donor Restriction	416,982	412,410
TOTAL NET ASSETS	7,361,647	7,058,006
TOTAL LIABILITIES AND NET ASSETS	\$ 9,227,415	\$ 8,951,828

The notes to the financial statements are an integral part of these statements.

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Program Services			
Contracts	\$ 10,519,856	\$ -	\$ 10,519,856
Grants	131,057	12,943	144,000
Contributions	257,811	-	257,811
Sales	1,405,965	-	1,405,965
Investment	54,330	-	54,330
Gain on Disposal of Assets	3,546	-	3,546
Miscellaneous	<u>647,086</u>	<u>-</u>	<u>647,086</u>
<b>TOTAL REVENUE AND SUPPORT</b>	13,019,651	12,943	13,032,594
Net Assets Released from Restriction	<u>8,371</u>	<u>(8,371)</u>	<u>-</u>
	<u>\$ 13,028,022</u>	<u>\$ 4,572</u>	<u>\$ 13,032,594</u>

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



**OPPORTUNITY RESOURCES, INC.**  
**STATEMENT OF ACTIVITIES (continued)**  
**For the Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>EXPENSES</b>			
Program Services			
Work Services	\$ 1,678,476	\$ -	\$ 1,678,476
Transportation	427,839	-	427,839
Community Homes	1,425,597	-	1,425,597
MDC Transitional Supports	337,340	-	337,340
Case Management	3,504	-	3,504
DD Supported Living	3,255,982	-	3,255,982
DD Room and Board	163,859	-	163,859
Supporting Living Sites	190,921	-	190,921
DPHHS Counseling	47,350	-	47,350
Medicaid Waiver Services	2,638,098	-	2,638,098
Medicaid Waiver Room and Board	137,776	-	137,776
RSD Set Aside	157,275	-	157,275
Extended Employment	347,686	-	347,686
Supported Employment	88,491	-	88,491
Client Private Pay	67,189	-	67,189
Sales	1,459,763	-	1,459,763
Total Program Services	12,427,146	-	12,427,146
Supporting Services			
Administration	82,338	-	82,338
Fundraising	219,469	-	219,469
Total Supporting Services	301,807	-	301,807
<b>TOTAL EXPENSES</b>	<b>12,728,953</b>	<b>-</b>	<b>12,728,953</b>
Change in Net Assets	299,069	4,572	303,641
<b>NET ASSETS</b>			
Beginning of Year	6,645,596	412,410	7,058,006
End of Year	\$ 6,944,665	\$ 416,982	\$ 7,361,647

The notes to the financial statements are an integral part of these statements.

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Program Services			
Contracts	\$ 12,071,490	\$ -	\$ 12,071,490
Grants	213,984	7,416	221,400
Contributions	361,550	-	361,550
Sales	1,197,371	-	1,197,371
Investment	86,599	-	86,599
Gain on Disposal of Assets	6,649	-	6,649
Miscellaneous	502,713	-	502,713
TOTAL REVENUE AND SUPPORT	14,440,356	7,416	14,447,772
Net Assets Released from Restriction	12,182	(12,182)	-
	\$ 14,452,538	\$ (4,766)	\$ 14,447,772

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

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENT OF ACTIVITIES (continued)**  
**For the Year Ended June 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>EXPENSES</b>			
Program Services			
Work Services	\$ 1,587,630	\$ -	\$ 1,587,630
Transportation	392,515	-	392,515
Community Homes	1,562,346	-	1,562,346
MDC Transitional Supports	209,543	-	209,543
Case Management	1,449,931	-	1,449,931
DD Supported Living	3,214,589	-	3,214,589
DD Room and Board	156,507	-	156,507
Supporting Living Sites	192,634	-	192,634
DPHHS Counseling	52,627	-	52,627
Medicaid Waiver Services	2,561,475	-	2,561,475
Medicaid Waiver Room and Board	133,853	-	133,853
RSD Set Aside	182,024	-	182,024
Extended Employment	375,168	-	375,168
Supported Employment	77,733	-	77,733
Client Private Pay	66,379	-	66,379
Sales	1,375,861	-	1,375,861
Total Program Services	13,590,815	-	13,590,815
Supporting Services			
Administration	81,109	-	81,109
Fundraising	166,781	-	166,781
Total Supporting Services	247,890	-	247,890
<b>TOTAL EXPENSES</b>	<b>13,838,705</b>	<b>-</b>	<b>13,838,705</b>
Change in Net Assets	613,833	(4,766)	609,067
<b>NET ASSETS</b>			
Beginning of Year	6,127,007	321,932	6,448,939
Transfer to Beneficial Interest in Endowment	(95,244)	95,244	-
End of Year	<b>\$ 6,645,596</b>	<b>\$ 412,410</b>	<b>\$ 7,058,006</b>

The notes to the financial statements are an integral part of these statements.

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES**  
**For the Year Ended June 30, 2019**  
**(With Comparative Totals for the Year Ended June 30, 2018)**

	Program Services				
	Work Services	Transportation	Community Homes	MDC Transitional Supports	Kalispell Rental
<b>REVENUE AND SUPPORT</b>					
Contracts	\$ 1,603,216	\$ 160,560	\$ 2,002,863	\$ 389,294	\$ -
Grants	-	-	-	40,000	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	-	-	-	-	3,601
<b>Total Revenue and Support</b>	<b>\$ 1,603,216</b>	<b>\$ 160,560</b>	<b>\$ 2,002,863</b>	<b>\$ 429,294</b>	<b>\$ 3,601</b>
<b>EXPENSES</b>					
Personnel	\$ 1,510,607	\$ 223,011	\$ 1,355,004	\$ 308,303	\$ -
Cost of Space	80,182	7,456	24,297	8,803	3,079
Equipment	43,036	2,825	18,454	5,526	-
Transportation	686	178,051	215	7,956	-
Supplies	14,575	8,779	10,964	1,708	75
Postage	1,092	104	713	168	-
Telephone	8,508	595	4,833	1,031	350
Promotion	48	4	36	13	-
Staff Travel	1,304	709	952	448	-
Staff Training	2,167	227	1,642	440	-
Insurance - D&O	1,186	108	749	211	-
Professional Fees	7,825	723	5,005	1,317	-
Other	4,064	5,247	2,733	1,416	-
Client Wages	3,196	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,678,476</b>	<b>\$ 427,839</b>	<b>\$ 1,425,597</b>	<b>\$ 337,340</b>	<b>\$ 3,504</b>
Change in Net Assets	<u>\$ (75,260)</u>	<u>\$ (267,279)</u>	<u>\$ 577,266</u>	<u>\$ 91,954</u>	<u>\$ 97</u>

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

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES (continued)**  
**For the Year Ended June 30, 2019**  
**(With Comparative Totals for the Year Ended June 30, 2018)**

	Program Services				
	DD	DD	Supported	DPHHS	Medicaid
	Supported Living	Room & Board	Living Sites	Counseling	Waiver Services
REVENUE AND SUPPORT					
Contracts	\$ 3,185,078	\$ -	\$ -	\$ 48,387	\$ 2,742,161
Grants	-	-	-	-	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	-	124,902	135,533	-	-
Total Revenue and Support	<u>\$ 3,185,078</u>	<u>\$ 124,902</u>	<u>\$ 135,533</u>	<u>\$ 48,387</u>	<u>\$ 2,742,161</u>
EXPENSES					
Personnel	\$ 2,840,790	\$ 36,679	\$ 63,303	\$ 40,198	\$ 2,395,753
Cost of Space	65,745	59,584	98,979	1,261	53,337
Equipment	42,826	6,549	10,591	2,738	33,492
Transportation	1,376	1,819	3,401	40	86,500
Supplies	21,414	50,827	3,586	857	16,355
Postage	1,691	152	264	112	1,262
Telephone	23,158	3,381	6,144	391	7,684
Promotion	566	12	22	5	58
Staff Travel	8,541	142	242	95	3,782
Staff Training	4,501	247	431	404	2,982
Insurance - D&O	1,839	168	295	101	1,325
Professional Fees	12,117	1,102	1,928	722	8,832
Other	231,418	3,197	1,735	426	26,736
Client Wages	-	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 3,255,982</u>	<u>\$ 163,859</u>	<u>\$ 190,921</u>	<u>\$ 47,350</u>	<u>\$ 2,638,098</u>
Change in Net Assets	<u>\$ (70,904)</u>	<u>\$ (38,957)</u>	<u>\$ (55,388)</u>	<u>\$ 1,037</u>	<u>\$ 104,063</u>

The notes to the financial statements are an integral part of these statements.

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES (continued)**  
**For the Year Ended June 30, 2019**  
**(With Comparative Totals for the Year Ended June 30, 2018)**

	Program Services				
	Medicaid	RSD Set Aside	Extended Employment	Supported Employment	Client Private Pay
	Waiver Room & Board				
REVENUE AND SUPPORT					
Contracts	\$ -	\$ 91,956	\$ 198,902	\$ 97,439	\$ -
Grants	-	-	-	-	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	133,050	1,120	-	-	28,329
Total Revenue and Support	<u>\$ 133,050</u>	<u>\$ 93,076</u>	<u>\$ 198,902</u>	<u>\$ 97,439</u>	<u>\$ 28,329</u>
EXPENSES					
Personnel	\$ 23,452	\$ 139,066	\$ 298,191	\$ 74,662	\$ 58,601
Cost of Space	49,076	4,227	10,933	1,744	2,957
Equipment	4,912	3,907	9,619	1,523	1,332
Transportation	563	4,812	17,931	7,833	2,418
Supplies	55,487	1,579	3,023	726	624
Postage	64	130	324	62	48
Telephone	2,306	577	2,482	260	409
Promotion	5	6	11	3	2
Staff Travel	77	368	387	170	60
Staff Training	97	652	600	235	91
Insurance - D&O	86	153	316	77	59
Professional Fees	524	978	2,182	483	371
Other	1,127	820	1,687	713	217
Client Wages	-	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 137,776</u>	<u>\$ 157,275</u>	<u>\$ 347,686</u>	<u>\$ 88,491</u>	<u>\$ 67,189</u>
Change in Net Assets	<u>\$ (4,726)</u>	<u>\$ (64,199)</u>	<u>\$ (148,784)</u>	<u>\$ 8,948</u>	<u>\$ (38,860)</u>

The notes to the financial statements are an integral part of these statements.

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES (continued)**  
**For the Year Ended June 30, 2019**  
**(With Comparative Totals for the Year Ended June 30, 2018)**

	Program Services		Supporting	Totals	
	Sales	Total Program Services	Services	2019	2018
			Administration and Fundraising		
REVENUE AND SUPPORT					
Contracts	\$ -	\$ 10,519,856	\$ -	\$ 10,519,856	\$ 12,071,490
Grants	100,000	140,000	4,000	144,000	221,400
Contributions	1,503	1,503	256,308	257,811	361,550
Sales	1,405,965	1,405,965	-	1,405,965	1,197,371
Investment	-	-	54,330	54,330	86,599
Gain on Disposal of Assets	-	-	3,546	3,546	6,649
Miscellaneous	61,502	488,037	159,049	647,086	502,713
Total Revenue and Support	<u>\$ 1,568,970</u>	<u>\$ 12,555,361</u>	<u>\$ 477,233</u>	<u>\$ 13,032,594</u>	<u>\$ 14,447,772</u>
EXPENSES					
Personnel	\$ 102,869	\$ 9,470,489	\$ 144,487	\$ 9,614,976	\$ 10,770,720
Cost of Space	39,716	511,376	2,840	514,216	564,325
Equipment	30,208	217,538	26,049	243,587	238,496
Transportation	17,313	330,914	179	331,093	311,472
Supplies	57,577	248,156	25,726	273,882	268,040
Postage	295	6,481	1,645	8,126	11,892
Telephone	2,048	64,157	1,938	66,095	83,645
Promotion	18	809	11,507	12,316	8,413
Staff Travel	428	17,705	260	17,965	38,745
Staff Training	713	15,429	1,318	16,747	17,001
Insurance - D&O	280	6,953	454	7,407	7,415
Professional Fees	2,007	46,116	2,968	49,084	37,936
Other	6,754	288,290	82,436	370,726	413,700
Client Wages	645,923	649,119	-	649,119	681,354
Production Payroll Taxes	70,821	70,821	-	70,821	83,220
Production Material	419,670	419,670	-	419,670	236,154
Other Costs of Sales	63,123	63,123	-	63,123	66,177
TOTAL EXPENSES	<u>\$ 1,459,763</u>	<u>\$ 12,427,146</u>	<u>\$ 301,807</u>	<u>\$ 12,728,953</u>	<u>\$ 13,838,705</u>
Change in Net Assets	<u>\$ 109,207</u>	<u>\$ 128,215</u>	<u>\$ 175,426</u>	<u>\$ 303,641</u>	<u>\$ 609,067</u>

The notes to the financial statements are an integral part of these statements.

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES**  
**For the Year Ended June 30, 2018**

	Program Services				
	Work Services	Transportation	Community Homes	MDC Transitional Supports	Case Management
REVENUE AND SUPPORT					
Contracts	\$ 1,489,144	\$ 160,486	\$ 1,697,794	\$ 239,447	\$ 1,691,822
Grants	-	-	-	-	-
Contributions	-	-	-	-	300
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	-	-	-	-	29
Total Revenue and Support	<u>\$ 1,489,144</u>	<u>\$ 160,486</u>	<u>\$ 1,697,794</u>	<u>\$ 239,447</u>	<u>\$ 1,692,151</u>
EXPENSES					
Personnel	\$ 1,445,113	\$ 225,585	\$ 1,500,573	\$ 192,299	\$ 1,248,681
Cost of Space	74,829	7,210	22,162	5,002	79,080
Equipment	35,768	3,429	15,300	5,280	18,337
Transportation	47	142,782	36	2,658	32,353
Supplies	11,326	7,813	10,385	1,753	18,371
Postage	913	129	624	124	3,745
Telephone	8,462	825	4,896	852	21,428
Promotion	-	-	-	-	-
Staff Travel	495	185	621	25	16,289
Staff Training	1,869	242	1,485	306	1,863
Insurance - D&O	948	140	639	128	793
Professional Fees	4,894	763	3,242	653	4,105
Other	2,954	3,412	2,383	463	4,886
Client Wages	12	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 1,587,630</u>	<u>\$ 392,515</u>	<u>\$ 1,562,346</u>	<u>\$ 209,543</u>	<u>\$ 1,449,931</u>
Change in Net Assets	<u>\$ (98,486)</u>	<u>\$ (232,029)</u>	<u>\$ 135,448</u>	<u>\$ 29,904</u>	<u>\$ 242,220</u>

The notes to the financial statements are an integral part of these statements.



**OPPORTUNITY RESOURCES, INC.**  
**STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES (continued)**  
**For the Year Ended June 30, 2018**

	Program Services				
	DD Supported Living	DD Room & Board	Supported Living Sites	DPHHS Counseling	Medicaid Waiver Services
<b>REVENUE AND SUPPORT</b>					
Contracts	\$ 3,464,163	\$ -	\$ -	\$ 89,933	\$ 2,738,642
Grants	-	8,000	-	-	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	-	122,556	130,060	4	-
<b>Total Revenue and Support</b>	<b>\$ 3,464,163</b>	<b>\$ 130,556</b>	<b>\$ 130,060</b>	<b>\$ 89,937</b>	<b>\$ 2,738,642</b>
<b>EXPENSES</b>					
Personnel	\$ 2,784,708	\$ 40,355	\$ 71,305	\$ 46,305	\$ 2,340,902
Cost of Space	42,103	56,072	96,037	1,108	51,944
Equipment	31,239	5,172	9,349	2,579	29,997
Transportation	175	191	415	5	84,099
Supplies	14,955	47,458	5,138	738	14,547
Postage	1,277	108	266	108	1,229
Telephone	17,722	3,317	6,019	394	8,090
Promotion	-	-	-	-	-
Staff Travel	13,991	32	59	8	5,563
Staff Training	2,958	232	515	409	3,279
Insurance - D&O	1,315	112	286	114	1,263
Professional Fees	6,751	583	1,535	595	6,439
Other	297,395	2,875	1,710	264	14,123
Client Wages	-	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ 3,214,589</b>	<b>\$ 156,507</b>	<b>\$ 192,634</b>	<b>\$ 52,627</b>	<b>\$ 2,561,475</b>
<b>Change in Net Assets</b>	<b>\$ 249,574</b>	<b>\$ (25,951)</b>	<b>\$ (62,574)</b>	<b>\$ 37,310</b>	<b>\$ 177,167</b>

The notes to the financial statements are an integral part of these statements.

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES (continued)**  
**For the Year Ended June 30, 2018**

	Program Services				
	Medicaid Waiver Room & Board	RSD Set Aside	Extended Employment	Supported Employment	Client Private Pay
	REVENUE AND SUPPORT				
Contracts	\$ -	\$ 180,689	\$ 231,386	\$ 87,984	\$ -
Grants	-	-	-	-	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	133,550	-	-	-	33,314
Total Revenue and Support	<u>\$ 133,550</u>	<u>\$ 180,689</u>	<u>\$ 231,386</u>	<u>\$ 87,984</u>	<u>\$ 33,314</u>
EXPENSES					
Personnel	\$ 25,191	\$ 150,335	\$ 329,303	\$ 67,856	\$ 58,456
Cost of Space	51,334	2,751	10,865	1,350	2,412
Equipment	3,886	5,418	8,831	1,045	1,410
Transportation	184	7,730	15,682	4,944	2,170
Supplies	49,230	2,134	2,774	504	465
Postage	89	226	320	44	58
Telephone	2,231	964	2,925	272	482
Promotion	-	-	-	-	-
Staff Travel	11	293	480	94	195
Staff Training	177	998	604	151	111
Insurance - D&O	91	234	336	48	61
Professional Fees	454	1,201	1,758	262	318
Other	975	1,166	1,290	1,163	241
Client Wages	-	7,622	-	-	-
Production Payroll Taxes	-	952	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 133,853</u>	<u>\$ 182,024</u>	<u>\$ 375,168</u>	<u>\$ 77,733</u>	<u>\$ 66,379</u>
Change in Net Assets	<u>\$ (303)</u>	<u>\$ (1,335)</u>	<u>\$ (143,782)</u>	<u>\$ 10,251</u>	<u>\$ (33,065)</u>

The notes to the financial statements are an integral part of these statements.

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENT OF FUNCTIONAL REVENUE AND EXPENSES (continued)**  
**For the Year Ended June 30, 2018**

	Program Services		Supporting Services	Total
	Sales	Total Program Services	Administration and Fundraising	2018
<b>REVENUE AND SUPPORT</b>				
Contracts	\$ -	\$ 12,071,490	\$ -	\$ 12,071,490
Grants	144,000	152,000	69,400	221,400
Contributions	16,010	16,310	345,240	361,550
Sales	1,197,371	1,197,371	-	1,197,371
Investment	-	-	86,599	86,599
Gain on Disposal of Assets	-	-	6,649	6,649
Miscellaneous	52,980	472,493	30,220	502,713
Total Revenue and Support	<u>\$ 1,410,361</u>	<u>\$ 13,909,664</u>	<u>\$ 538,108</u>	<u>\$ 14,447,772</u>
<b>EXPENSES</b>				
Personnel	\$ 139,558	\$ 10,666,525	\$ 104,195	\$ 10,770,720
Cost of Space	56,687	560,946	3,379	564,325
Equipment	33,994	211,034	27,462	238,496
Transportation	17,978	311,449	23	311,472
Supplies	58,776	246,367	21,673	268,040
Postage	565	9,825	2,067	11,892
Telephone	2,764	81,643	2,002	83,645
Promotion	607	607	7,806	8,413
Staff Travel	69	38,410	335	38,745
Staff Training	1,156	16,355	646	17,001
Insurance - D&O	517	7,025	390	7,415
Professional Fees	2,261	35,814	2,122	37,936
Other	2,610	337,910	75,790	413,700
Client Wages	673,720	681,354	-	681,354
Production Payroll Taxes	82,268	83,220	-	83,220
Production Material	236,154	236,154	-	236,154
Other Costs of Sales	66,177	66,177	-	66,177
TOTAL EXPENSES	<u>\$ 1,375,861</u>	<u>\$ 13,590,815</u>	<u>\$ 247,890</u>	<u>\$ 13,838,705</u>
Change in Net Assets	<u>\$ 34,500</u>	<u>\$ 318,849</u>	<u>\$ 290,218</u>	<u>\$ 609,067</u>

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

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2019 and 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	<u>\$ 303,641</u>	<u>\$ 609,067</u>
Adjustments to Reconcile the Change In Net Assets to Net Cash Flows From Operating Activities		
Depreciation	295,674	285,977
Loss (gain) on Disposal of Assets	3,546	(6,649)
Net Gain on Investments	(50,489)	(21,404)
Changes in Current Assets and Liabilities:		
Accounts Receivable	(42,900)	250,259
Inventory	(44,216)	(49,882)
Prepaid Expenses	(114,298)	140,630
Deposits	40,691	5,779
Accounts Payable	26,139	(15,361)
Accrued and Other Liabilities	<u>74,272</u>	<u>(44,673)</u>
Total Adjustments	<u>188,419</u>	<u>544,676</u>
Net Cash Flows from Operating Activities	<u>492,060</u>	<u>1,153,743</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Received from Sale of Buildings or Equipment	3,661	35,727
Cash Paid for Purchases of Buildings or Equipment	(163,471)	(253,884)
Contributions to the Agency Endowment Fund	(2,690)	(95,244)
Cash Received from Sale of Investments	91,159	99,899
Cash Paid for Purchases of Investments	<u>(91,151)</u>	<u>(68,853)</u>
Net Cash Flows from Investing Activities	<u>(162,492)</u>	<u>(282,355)</u>

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

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENTS OF CASH FLOWS (continued)**  
**For the Years Ended June 30, 2019 and 2018**

	2019	2018
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Cash Received from Issuance of Debt	1,076	103,000
Cash Paid for Debt Repayment	(204,978)	(199,086)
Net Cash Flows from Financing Activities	(203,902)	(96,086)
Net Change in Cash and Cash Equivalents	125,666	775,302
Cash and Cash Equivalents		
Beginning of Year	1,558,714	783,412
End of Year	\$ 1,684,380	\$ 1,558,714
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 34,184	\$ 37,820

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

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 1. ORGANIZATION AND PURPOSE**

Opportunity Resources, Inc. (the Organization) is a 501(c)(3) nonprofit organization providing case management, supported living, vocational training, and employment opportunities for individuals with disabilities in the State of Montana. The Organization generates funds from various income-producing activities and grants credit to consumers of these goods and services. The Organization receives significant funding from the Montana Department of Public Health and Human Services (DPHHS) and others primarily under various vendor contracts.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as codified by the Financial Accounting Standards Board (FASB).

B. Adoption of Accounting Standard

The FASB issued Accounting Standards Update (ASU) 2016-14: *Presentation of Financial Statements of Not-for-Profit Entities* in August 2016. This ASU reduces the number of net asset classifications from three to two, requires all nonprofit organizations to report expenses by nature and function, and requires information to be reported or disclosed in the notes to the financial statements that is useful in assessing the organization's liquidity, financial performance, and cash flows among other things. The Center implemented ASU 2016-14 in fiscal year 2019 and has adjusted the presentation of the financial statements accordingly. The impact of adopting this ASU on net assets at July 1, 2018 was:

Classification	As Originally Presented at 6/30/2018	After the Adoption of ASU 2016-14
Unrestricted Net Assets	\$ 6,645,596	\$ -
Temporarily Restricted Net Assets	5,266	-
Permanently Restricted Net Assets	407,144	-
Net Assets Without Donor Restrictions	-	6,645,596
Net Assets With Donor Restrictions	-	412,410
Total	<u>\$ 7,058,006</u>	<u>\$ 7,058,006</u>

C. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. Cash and Cash Equivalents, continued

From time to time, certain bank accounts that are subject to coverage by the Federal Deposit Insurance Corporation (FDIC) exceed their insured limits. At June 30, 2019 and 2018, approximately \$1,529,000 and \$1,409,000 respectively, were not fully insured by the FDIC. The Organization does not believe it is exposed to any significant credit risk on its cash balances as it has not experienced any losses.

D. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist of amounts due under state contracts and from customers in the normal course of income-producing activities. Accounts receivable are stated at unpaid balances. Interest is not charged. At June 30, 2019 and 2018, management determined an allowance was not necessary based on a review of historical losses, specific accounts receivable balances, industry and economic conditions, and substantially all receivables classified as current. Management reviews accounts receivable periodically and writes off any receivable determined to be uncollectible. Write offs totaled \$513 and \$4,189 for 2019 and 2018, respectively. Because of the inherent uncertainties in estimating the allowance for uncollectible receivables, it is at least reasonably possible that the estimates used will change in the near term.

E. Inventory

Inventory consists primarily of materials and supplies used in the Organization's income-producing activities. Inventory is stated at net realizable value (cost, or current catalog cost) using the first-in, first-out method (FIFO). Costs of finished goods represent direct costs associated with inventory production.

F. Land, Buildings, and Equipment

The Organization capitalizes expenditures for land, buildings, and equipment at cost if purchased, or at fair value if donated. Repair and maintenance costs are expensed as incurred and betterments costing more than \$1,500 are capitalized. Capitalized assets are depreciated on a straight-line basis over the following useful lives:

Buildings	20 - 45 years
Building Improvements	7 - 20 years
Equipment	3 - 10 years

G. Investments

Investments consist primarily of mutual funds and are carried at fair value determined by quoted market prices in active markets for identical assets that are required to be measured at fair value (Level 1 input). Increases or decreases in fair value are recognized in the current period as investment gains or losses. Investment income includes interest, dividends, and realized and unrealized gains and losses.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

G. Investments, continued

The Organization's investment in securities is exposed to various risks, such as interest rate, credit, and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the financial statements.

H. Funding and Net Asset Classification

The Organization classifies contracts, contributions, grants, and other transactions as net assets without donor restrictions or with donor restrictions as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and activities that are not subject to donor or grantor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed or grantor-imposed restrictions. Some donor or grantor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity.

The Organization receives the majority of its funding under various fee-for-service contracts with DPHHS. Under state contracting guidelines, the majority of these contracts are treated as vendor agreements. Because the resource provider generally receives commensurate value, these funding agreements are classified as exchange transactions, and are reported as revenue without donor restrictions. Certain contracts with DPHHS are considered subrecipient arrangements and include certain federal funding agencies.

The Organization classifies contributions as net assets with or without donor restrictions in accordance with donor stipulations. Grants from nongovernmental organizations are classified as contributions only if the resource provider does not expect to receive commensurate value.

Donor-restricted funds are classified as with donor restrictions until the donor restriction expires (time restriction ends or purpose restriction accomplished), at which time they are accounted for as net assets released from restrictions and are reclassified to net assets without donor restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as revenue and support without donor restrictions. All expenses are reported as net assets without donor restrictions.



**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

I. Expense Allocations

Administrative expenses are allocated to the sales and program services departments according to the portion of cost benefiting each department, hours worked, and square footage of the buildings. The Organization direct charges expenses whenever possible. Other charges are allocated to programs based primarily on employee hours. Other costs, such as insurance, depreciation, and related costs are allocated based on square footage.

J. Advertising and Promotion Costs

The Organization expenses the cost of advertising and promotion as incurred. Advertising and promotion expenses totaled \$12,317 and \$8,413 in 2019 and 2018, respectively.

K. Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

L. Risks and Uncertainties

The Organization faces a number of risks including loss or damage to property and general liability. Commercial insurance policies are purchased for loss or damage to property and for general liability.

M. Income Tax Status

The Organization is exempt from income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. This code enables the Organization to accept donations that qualify as charitable contributions to the donor. The Organization's increase in net assets is generally not subject to income taxes. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income tax has been recorded in the financial statements as the amounts are not significant.

N. Subsequent Events

Management has evaluated subsequent events through January 30, 2020, the date which the financial statements were available for issue.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditures, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 1,684,380	\$ 1,558,714
Accounts Receivable, net	1,237,506	1,194,606
Investments	<u>867,903</u>	<u>817,422</u>
	<u>\$ 3,789,789</u>	<u>\$ 3,570,742</u>

**NOTE 4. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2019 and 2018 was comprised of the following:

	<u>2019</u>	<u>2018</u>
Sales	\$ 228,823	\$ 143,815
Contracts	956,636	959,304
Other	<u>52,047</u>	<u>91,487</u>
	<u>\$ 1,237,506</u>	<u>\$ 1,194,606</u>

**NOTE 5. INVENTORY**

Inventory at June 30, 2019 and 2018 was comprised of:

	<u>2019</u>	<u>2018</u>
Raw Materials	\$ 146,700	\$ 107,944
Finished Goods	<u>113,623</u>	<u>108,163</u>
	<u>\$ 260,323</u>	<u>\$ 216,107</u>

**NOTE 6. INVESTMENTS**

A framework for measuring fair value and defining fair value is provided by GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 6. INVESTMENTS (continued)**

GAAP also establishes a fair value hierarchy, which prioritizes the valuation of inputs into three broad levels, as described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 for which all significant inputs are observable, either directly or indirectly.

Level 3 – Significant unobservable prices or inputs where there is little or no market activity for the asset or liability at the measurement date.

Beneficial Interests in Agency Endowment – valued at fair value using information provided by the Montana Community Foundation year-end statements.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Organization’s policy for determining the timing of significant transfers between Levels 1 and 2 is at the end of the reporting period.

The Organization reports investments at fair value using a market approach based on quoted prices for identical assets in active markets (Level 1 Measurements).

The cost and fair value of investments at June 30, 2019 are as follows:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
Money Market Accounts	\$ 4,809	\$ -	\$ 4,809
<u>Level 1:</u>			
Mutual Funds			
Income	51,129	(695)	50,434
Income and Growth	<u>602,547</u>	<u>210,113</u>	<u>812,660</u>
Total Mutual Funds	<u>653,676</u>	<u>209,418</u>	<u>863,094</u>
	<u>\$ 658,485</u>	<u>\$ 209,418</u>	<u>\$ 867,903</u>

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 6. INVESTMENTS (continued)**

The cost and fair value of investments at June 30, 2018 are as follows:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
Money Market Accounts	\$ 4,742	\$ -	\$ 4,742
<u>Level 1:</u>			
Mutual Funds			
Income	49,917	(3,026)	46,891
Income and Growth	<u>540,699</u>	<u>225,090</u>	<u>765,789</u>
Total Mutual Funds	<u>590,616</u>	<u>222,064</u>	<u>812,680</u>
	<u>\$ 595,358</u>	<u>\$ 222,064</u>	<u>\$ 817,422</u>

The following table represents, by level, the Organization's fair value hierarchy for its financial assets measured at fair value on a recurring basis as of June 30, 2019 and 2018:

	<u>2019</u>			
	<u>Fair Value Level 1 Inputs</u>	<u>Fair Value Level 2 Inputs</u>	<u>Fair Value Level 3 Inputs</u>	<u>Total</u>
Mutual Funds	\$ 863,094	\$ -	\$ -	\$ 863,094
Beneficial Interest in Endowment	<u>-</u>	<u>-</u>	<u>97,934</u>	<u>97,934</u>
Total	<u>\$ 863,094</u>	<u>\$ -</u>	<u>\$ 97,934</u>	<u>\$ 961,028</u>
	<u>2018</u>			
	<u>Fair Value Level 1 Inputs</u>	<u>Fair Value Level 2 Inputs</u>	<u>Fair Value Level 3 Inputs</u>	<u>Total</u>
Mutual Funds	\$ 812,680	\$ -	\$ -	\$ 812,680
Beneficial Interest in Endowment	<u>-</u>	<u>-</u>	<u>95,244</u>	<u>95,244</u>
Total	<u>\$ 812,680</u>	<u>\$ -</u>	<u>\$ 95,244</u>	<u>\$ 907,924</u>

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 6. INVESTMENT (continued)**

A reconciliation of beginning and ending fair values for assets measured using Level 3 inputs (Beneficial Interest in Agency Endowment) for the years ended June 30, 2019 and 2018 follows:

	2019	2018
Fair Value, Beginning of Year	\$ 95,244	\$ -
Contributions in Revenue	-	-
Realized and Unrealized Gains	2,690	-
Transfers	-	95,244
Fair Value, End of Year	\$ 97,934	\$ 95,244

The Organization transferred funds from its investment account to the Montana Community Foundation during 2018 for the Organization's benefit. The Organization is the designated beneficiary of this fund. The Organization gave variance power to the Montana Community Foundation. Variance power gives the Montana Community Foundation complete control and ownership of these funds. Annual distributions received and earnings distributed from this fund are subject to approval by the Montana Community Foundation Board of Directors. Earnings distributed by the Montana Community Foundation are recorded as contributions in the year of receipt by the Organization. The Montana Community Foundation Board of Directors has full authority to vary the terms of this endowment fund as appropriate.

**NOTE 7. OPERATING LEASES**

The Organization leased certain office equipment, rented office space, and rented vehicles under terms of operating leases expiring with various maturity dates until June 2022. Future minimum rental payments required under these operating leases as of June 30 follow:

2020	\$ 6,564
2021	6,564
2022	3,251
	\$ 16,379

Rent expense totaled \$8,970 and \$83,368 in 2019 and 2018, respectively.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 8. LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment at June 30, 2019 and 2018 were as follows:

	<u>2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>2018</u>
Land	\$ 1,455,265	\$ -	\$ -	\$ 1,455,265
Construction in Progress	-	650	-	650
Building and Improvements	5,614,978	105,515	(5)	5,720,488
Equipment, Furniture, and Fixtures	<u>2,462,200</u>	<u>147,778</u>	<u>(106,014)</u>	<u>2,503,964</u>
	9,532,443	253,943	(106,019)	9,680,367
Accumulated Depreciation	<u>(4,633,799)</u>	<u>(285,977)</u>	<u>76,882</u>	<u>(4,842,894)</u>
Land, Buildings, and Equipment, net	<u>\$ 4,898,644</u>	<u>\$ (32,034)</u>	<u>\$ (29,137)</u>	<u>\$ 4,837,473</u>
	<u>2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>2019</u>
Land	\$ 1,455,265	\$ -	\$ -	\$ 1,455,265
Construction in Progress	650	-	(650)	-
Building and Improvements	5,720,488	92,739	-	5,813,227
Equipment, Furniture, and Fixtures	<u>2,503,964</u>	<u>69,073</u>	<u>(82,702)</u>	<u>2,490,335</u>
	9,680,367	161,812	(83,352)	9,758,827
Accumulated Depreciation	<u>(4,842,894)</u>	<u>(295,674)</u>	<u>77,804</u>	<u>(5,060,764)</u>
Land, Buildings, and Equipment, net	<u>\$ 4,837,473</u>	<u>\$ (133,862)</u>	<u>\$ (5,548)</u>	<u>\$ 4,698,063</u>

Depreciation expense for the years ended June 30, 2019 and 2018 totaled \$295,674 and \$285,977, respectively.

Land, buildings, and equipment include assets valued at approximately \$312,000 that are restricted by a donor for client educational purposes and for investment to support the Organization's mission into perpetuity. These assets are classified as net assets with donor restrictions.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 9. NOTES PAYABLE**

Long-term notes payable at June 30 consisted of:

	<u>2019</u>	<u>2018</u>
Mortgage payable to Streeter Brothers Mortgage Co., repayable in monthly payments of \$644, including interest at 2.75%; maturing June 2031; secured by real property.	\$ 78,868	\$ 83,266
Note payable to Missoula Federal Credit Union, repayable in monthly payments of \$4,344, including interest at 3.79%; maturing March 10, 2021; secured by real property.	88,129	135,930
Note payable to Missoula Federal Credit Union, repayable in monthly payments of \$12,833, including interest at 3.63%; maturing June 1, 2023; secured by real property.	572,516	703,140
Note payable to Missoula Federal Credit Union, repayable in monthly payments of \$1,930, including interest at 4.70%; maturing March 20, 2023; secured by real property	79,476	98,412
Note payable to Source America, repayable in quarterly payments of \$1,072, including interest at 1.625%; maturing October 22, 2018; secured by equipment.	<u>-</u>	<u>2,143</u>
Total Long-Term Debt	\$ 818,989	\$ 1,022,891
Less Current Portion	<u>210,525</u>	<u>204,978</u>
Long-Term Debt	<u>\$ 608,464</u>	<u>\$ 817,913</u>

Annual debt maturities are as follows:

<u>June 30,</u>	
2020	\$ 210,525
2021	205,539
2022	173,369
2023	174,145
2024	6,278
Thereafter	<u>49,133</u>
	<u>\$ 818,989</u>

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 9. NOTES PAYABLE (continued)**

Interest expense totaled \$34,184 and \$37,820 for 2019 and 2018, respectively.

The Organization maintains an operating line of credit with a local financial institution with a credit limit of \$250,000 that matured October 30, 2019. This line of credit was subsequently renewed under the same terms and conditions. The interest rate at June 30, 2019 and 2018 was 5.00% and 4.75%, respectively. There was no outstanding balance at June 30, 2019 or 2018.

**NOTE 10. OTHER LIABILITIES**

Funds held-in-trust are client funds held and managed for their benefit.

**NOTE 11. NET ASSETS**

Net assets consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Net Assets Without Donor Restrictions		
Undesignated	\$ <u>6,944,665</u>	\$ <u>6,645,596</u>
Total	<u>\$ 6,944,665</u>	<u>\$ 6,645,596</u>
Net Assets With Donor Restrictions		
Subject to expenditure for specified purpose and passage of time:		
Ranch improvements	\$ <u>7,148</u>	\$ <u>5,266</u>
Not subject to passage of time:		
Ranch property donor specified use for client education	311,900	311,900
Montana Community Foundation Endowment Fund	<u>97,934</u>	<u>95,244</u>
	<u>409,834</u>	<u>407,144</u>
Total	<u>\$ 416,982</u>	<u>\$ 412,410</u>



**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 12. COMMITMENTS AND CONTINGENCIES**

The Montana Department of Public Health and Human Services has contributed a total of \$498,947 towards the construction and improvement of group homes. The U.S. Department of Housing and Urban Development has contributed \$440,187 towards the construction of two group homes. Grant agreements between the Organization and state and federal agencies include provisions which give the governmental agencies the right to assume ownership to ensure that the group homes are used to fulfill specific services related to the Organization's tax-exempt purpose. The Organization may elect to repay the original contribution in lieu of relinquishing the property.

The cost and accumulated depreciation of the group homes at June 30, 2019 are \$2,427,427 and \$1,287,856, respectively, and are \$2,391,984 and \$1,226,189 at June 30, 2018, respectively. Since management intends to provide the specified services indefinitely, the likelihood of the governmental agencies assuming ownership is considered remote.

From time to time, the Organization is involved in various litigation matters that arise during the ordinary course of operations. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the final resolution of any outstanding litigation will not have a material adverse effect on the financial position or operating results of the Organization. Accordingly, no provision for losses has been recorded in the financial statements.

**NOTE 13. PENSION PLAN**

The Organization provides a tax-sheltered annuity plan that all employees may contribute to. The Organization provides a matching contribution of up to 4% of compensation for employees with one or more years of service. All employer and employee contributions are immediately vested. Matching contributions in 2019 and 2018 totaled \$80,766 and \$82,816, respectively.

**NOTE 14. FUNDRAISING EXPENSES**

Fundraising expenses for the years ended June 30, 2019 and 2018 totaled \$219,469 and \$166,781, respectively. Fundraising expenses represent 1.7% and 1.2% of total expense for the years ended June 30, 2019 and 2018, respectively. Fundraising revenue totaled \$256,308 and \$342,920 for the years ended June 30, 2019 and 2018, respectively.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2019 and 2018**

**NOTE 15. CONCENTRATIONS AND OPERATIONS**

Amounts due under various contracts and agreements with the State of Montana represented approximately 77% and 80% of total accounts receivable at June 30, 2019 and 2018, respectively.

Revenue from various contracts and agreements with the State of Montana represented approximately 81% and 84% of the Organizations total revenue for the years ended June 30, 2019 and 2018, respectively. Any significant decrease in contracts and agreements with the State of Montana could have a negative impact on future operations and program services of the Organization.

Two vendors represented approximately 23% of total accounts payable at June 30, 2019 and 2018, respectively.

**NOTE 16. RECENT ACCOUNTING PRONOUNCEMENTS**

The FASB issued Accounting Standards Update (ASU) 2014-09: *Revenue from Contracts with Customers, Topic 606*, in May 2014. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods or services, guidance on accounting for certain contracts, and contains significant new required disclosures. This ASU supersedes current revenue recognition requirements by the FASB and industry-specific guidance. The provisions of this ASU must be applied using one of two retrospective methods. This ASU is effective for annual periods beginning after December 15, 2018. Early implementation was permitted. The Organization elected not to early implement and is evaluating transition methods. The Organization does not expect the impact to its financial statements upon implementation of this ASU to be significant.

The FASB issued Accounting Standards Update (ASU) 2016-18: *Statement of Cash Flows, Topic 230: Restricted Cash* in November 2016. This ASU requires an entity to include amounts generally described as restricted cash and restricted cash equivalents, along with cash and cash equivalents, when reconciling beginning and ending balances on the statement of cash flows. The provisions of this ASU must be applied retrospectively. This ASU is effective for annual periods beginning after December 15, 2018. Early implementation is permitted. The Organization elected not to early implement and does not expect the impact to its financial statements to be significant when implemented.

## **SUPPLEMENTAL INFORMATION**

**OPPORTUNITY RESOURCES, INC.**  
**SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT**  
**For the Years Ended June 30, 2019 and 2018**

	<b><u>2019</u></b>					
	<u>Woodshop</u>	<u>Janitorial</u>	<u>Production Center</u>	<u>EZ Brothers</u>	<u>Misc</u>	<u>Total</u>
Revenue	\$354,029	\$ 546,403	\$ 379,579	\$ -	\$245,310	\$ 1,525,321
Expenditures	<u>420,340</u>	<u>394,032</u>	<u>394,152</u>	<u>-</u>	<u>200,575</u>	<u>1,409,099</u>
Contribution Margin	<u>\$ (66,311)</u>	<u>\$ 152,371</u>	<u>\$ (14,573)</u>	<u>\$ -</u>	<u>\$ 44,735</u>	<u>\$ 116,222</u>
Percentage	-18.7%	27.9%	-3.8%	0.0%	18.2%	7.6%
	<b><u>2018</u></b>					
	<u>Woodshop</u>	<u>Janitorial</u>	<u>Production Center</u>	<u>EZ Brothers</u>	<u>Misc</u>	<u>Total</u>
Revenue	\$342,804	\$ 535,627	\$ 214,732	\$ 39,502	\$242,915	\$ 1,375,580
Expenditures	<u>342,858</u>	<u>414,977</u>	<u>333,176</u>	<u>24,244</u>	<u>208,250</u>	<u>1,323,505</u>
Contribution Margin	<u>\$ (54)</u>	<u>\$ 120,650</u>	<u>\$ (118,444)</u>	<u>\$ 15,258</u>	<u>\$ 34,665</u>	<u>\$ 52,075</u>
Percentage	0.0%	22.5%	-55.2%	38.6%	14.3%	3.8%

See Independent Auditor's Report

## **SINGLE AUDIT SECTION**

**OPPORTUNITY RESOURCES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2019**

	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>Passed to Subrecipients</u>
U.S. Department of Education				
Passed through the Montana Department of Public Health and Human Services				
Rehabilitation Services - RSD Set Aside - Vocational				
Rehabilitation Grants to States	N/A	84.126A	\$ 111,109	\$ -
Supported Employment Services - RSD				
Transitional Employment (VI-C) - Supported Employment Services for Individuals with Significant Disabilities	N/A	84.187A	<u>88,490</u>	<u>-</u>
Total U.S. Department of Education			<u>\$ 199,599</u>	<u>\$ -</u>
U.S. Department of Health and Human Services				
Passed through the Montana Department of Public Health and Human Services				
Social Services Block Grant (Title XX)	19-145-0200	93.667	\$ 40,000	\$ -
Medicaid Cluster				
Medical Assistance Program - Medicaid Waiver (Title XIX)	19-145-0200	93.778	<u>1,736,621</u>	<u>-</u>
Total Medicaid Cluster			<u>\$ 1,736,621</u>	<u>\$ -</u>
Total U.S. Department of Health and Human Services			<u>\$ 1,776,621</u>	<u>\$ -</u>
Total Federal Expenditures			<u>\$ 1,976,220</u>	<u>\$ -</u>

See accompanying notes and Independent Auditor's Report

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2019**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Opportunity Resources, Inc. under programs of the federal government for the year ended June 30, 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Opportunity Resources, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Opportunity Resources, Inc.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3. PROGRAM DESCRIPTIONS**

Opportunity Resources, Inc. is a nonprofit corporation providing cash management, supported living, vocational training, employment, and other services to individuals who are developmentally disabled. Opportunity Resources, Inc. receives the majority of its funding under contracts with the Montana Department of Public Health and Human Services. Certain contracts are federally funded by the U.S. Department of Health and Human Services under the Medical Assistance Program (Medicaid; Title XIX) Waiver Program (CFDA 93.778). Substantially all funding received by Opportunity Resources, Inc. is passed through the State of Montana using fee-for-service contractual arrangements. Various financial reports are filed with the Montana Department of Public Health and Human Services using forms prescribed by that department. An individual’s eligibility for services is determined by the Montana Department of Public Health and Human Services.

**NOTE 4. INDIRECT COST RATE**

Opportunity Resources, Inc. has elected not to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
Opportunity Resources, Inc.  
Missoula, Montana

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 Opportunity Resources, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional revenue and expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2020.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Opportunity Resources, Inc.'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*.

### **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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Peterson CPA Group, P.C.*

Missoula, Montana  
January 30, 2020



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

To the Board of Directors of  
Opportunity Resources, Inc.  
Missoula, Montana

**Report on Compliance for The Major Federal Program**

We have audited Opportunity Resources, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Opportunity Resources, Inc.'s major federal program for the year ended June 30, 2019. Opportunity Resources, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for Opportunity Resources, Inc.'s major federal program 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 Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Opportunity Resources, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on The Major Federal Program***

In our opinion, Opportunity Resources, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

### **Report on Internal Control over Compliance**

Management of Opportunity Resources, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Opportunity Resources, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Opportunity Resources, Inc.'s internal control over compliance.

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

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

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

*Peterson CPA Group, P.C.*

Missoula, Montana  
January 30, 2020

**OPPORTUNITY RESOURCES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs: Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance for major programs	Unmodified
Audit findings disclosed that are required to be reported in Accordance with 2 CFR 500.516(a)?	No

Identification of Major Program:

U.S. Department of Health and Human Services Medical Assistance Program (Medicaid Waiver; Title XIX) Medicaid Cluster	CFDA 93.778
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The dollar threshold used to distinguish between Type A and Type B programs as described in the Uniform Guidance was \$750,000.

Opportunity Resources, Inc. qualified as a low-risk auditee under the provisions of the Uniform Guidance.

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None reported.

**Section IV – Summary Schedule of Prior Year Findings**

The audit report for the year ended June 30, 2018 contained no findings.