



**OPPORTUNITY RESOURCES, INC.**  
**AUDITED**  
**FINANCIAL STATEMENTS**  
**June 30, 2017 and 2016**

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

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# Peterson CPA Group, P.C.

## INDEPENDENT AUDITOR'S REPORT

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 statement of financial position as of June 30, 2017 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.

### ***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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no 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, 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Period Financial Statements**

The financial statements of Opportunity Resources, Inc. as of June 30, 2016, were audited by other auditors whose report dated January 26, 2017, expressed an unmodified opinion on those statements.

**Other Matters***Other Information*

Our audit was 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 30 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 31, 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 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 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 December 21, 2017, 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  
December 21, 2017

## **FINANCIAL STATEMENTS**

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 783,412	\$ 919,606
Accounts Receivable, net	1,444,865	1,235,755
Inventory	166,225	193,184
Prepaid Expenses	<u>172,041</u>	<u>180,932</u>
TOTAL CURRENT ASSETS	<u>2,566,543</u>	<u>2,529,477</u>
INVESTMENTS	<u>827,064</u>	<u>716,005</u>
LAND, BUILDINGS, AND EQUIPMENT, net	<u>4,898,644</u>	<u>4,956,294</u>
OTHER ASSETS		
Funds Held-in-Trust	141,961	144,514
Deposits	<u>47,181</u>	<u>61,745</u>
TOTAL OTHER ASSETS	<u>189,142</u>	<u>206,259</u>
TOTAL ASSETS	<u><u>\$ 8,481,393</u></u>	<u><u>\$ 8,408,035</u></u>

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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 105,631	\$ 106,465
Payroll Taxes Payable	139,557	162,876
Wages Payable	115,451	393,787
Accrued Vacation and Sick Pay	407,285	412,163
NISH Payable	3,114	4,012
Customer Deposits	368	368
Unearned Income	-	150,003
Other Payables	110	45
Current Portion of Long-Term Debt	193,422	143,200
TOTAL CURRENT LIABILITIES	<u>964,938</u>	<u>1,372,919</u>
LONG-TERM DEBT, Net of Current Portion	<u>925,555</u>	<u>937,755</u>
OTHER LIABILITIES		
Funds Held in Trust	141,961	144,514
TOTAL OTHER LIABILITIES	<u>141,961</u>	<u>144,514</u>
TOTAL LIABILITIES	<u>\$ 2,032,454</u>	<u>\$ 2,455,188</u>
NET ASSETS		
Unrestricted	\$ 6,127,007	\$ 5,490,969
Temporarily Restricted	10,032	149,978
Permanently Restricted	311,900	311,900
TOTAL NET ASSETS	<u>\$ 6,448,939</u>	<u>\$ 5,952,847</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,481,393</u>	<u>\$ 8,408,035</u>

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, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE				
Program Services				
Contracts	\$12,641,002	\$ -	\$ -	\$12,641,002
Grants	278,978	-	-	278,978
Contributions	206,956	10,032	-	216,988
Sales	1,273,063	-	-	1,273,063
Investment	110,038	-	-	110,038
Gain on Disposal of Assets	123,660	-	-	123,660
Miscellaneous	522,235	-	-	522,235
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	15,155,932	10,032	-	15,165,964
Net Assets Released from Restriction	149,978	(149,978)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	\$15,305,910	\$ (139,946)	\$ -	\$15,165,964
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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, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>EXPENSES</b>				
Program Services				
Work Services	\$ 1,665,518	\$ -	\$ -	\$ 1,665,518
Transportation	378,334	-	-	378,334
Community Homes	1,557,368	-	-	1,557,368
MDC Transitional Supports	202,123	-	-	202,123
Case Management	1,500,853	-	-	1,500,853
DD Supported Living	3,004,081	-	-	3,004,081
DD Room and Board	148,695	-	-	148,695
Supporting Living Sites	185,609	-	-	185,609
DPHHS Counseling	61,239	-	-	61,239
Medicaid Waiver Services	3,071,922	-	-	3,071,922
Medicaid Waiver Room and Board	146,491	-	-	146,491
RSD Set Aside	244,709	-	-	244,709
Extended Employment	365,719	-	-	365,719
Supported Employment	67,658	-	-	67,658
Client Private Pay	83,497	-	-	83,497
Other Grants	10,093	-	-	10,093
Sales	1,622,534	-	-	1,622,534
Total Program Services	<u>\$ 14,316,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,316,443</u>
Supporting Services				
Administration	\$ 79,490	\$ -	\$ -	\$ 79,490
Fund-Raising	273,939	-	-	273,939
Total Supporting Services	<u>\$ 353,429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,429</u>
TOTAL EXPENSES	<u>\$ 14,669,872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,669,872</u>
CHANGE IN NET ASSETS	636,038	(139,946)	-	496,092
NET ASSETS				
Beginning of Year	<u>5,490,969</u>	<u>149,978</u>	<u>311,900</u>	<u>5,952,847</u>
End of Year	<u>\$ 6,127,007</u>	<u>\$ 10,032</u>	<u>\$ 311,900</u>	<u>\$ 6,448,939</u>

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, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE				
Program Services				
Contracts	\$12,184,629	\$ -	\$ -	\$12,184,629
Contributions	40,399	149,978	-	190,377
Sales	1,404,905	-	-	1,404,905
Investment	(14,740)	-	-	(14,740)
Gain on Disposal of Assets	602	-	-	602
Miscellaneous	475,393	-	-	475,393
	<u>\$14,091,188</u>	<u>\$ 149,978</u>	<u>\$ -</u>	<u>\$14,241,166</u>
TOTAL REVENUE				

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, 2016**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>EXPENSES</b>				
Program Services				
Work Services	\$ 1,641,918	\$ -	\$ -	\$ 1,641,918
Transportation	411,360	-	-	411,360
Community Homes	1,659,655	-	-	1,659,655
MDC Transitional Supports	204,675	-	-	204,675
DD Supports Working & Living Waiver	15,150	-	-	15,150
Case Management	1,458,699	-	-	1,458,699
DD Supported Living	2,721,906	-	-	2,721,906
DD Room and Board	139,342	-	-	139,342
Supporting Living Sites	176,583	-	-	176,583
DPHHS Counseling	47,555	-	-	47,555
Medicaid Waiver Services	2,918,085	-	-	2,918,085
Medicaid Waiver Room and Board	143,449	-	-	143,449
RSD Set Aside	255,497	-	-	255,497
Extended Employment	401,211	-	-	401,211
Supported Employment	58,118	-	-	58,118
Client Private Pay	88,471	-	-	88,471
Other Grants	11,642	-	-	11,642
Sales	1,899,192	-	-	1,899,192
Total Program Services	<u>\$ 14,252,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,252,508</u>
Supporting Services				
Administration	\$ 87,653	\$ -	\$ -	\$ 87,653
Fund-Raising	302,708	-	-	302,708
Total Supporting Services	<u>\$ 390,361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 390,361</u>
<b>TOTAL EXPENSES</b>	<u><b>\$ 14,642,869</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 14,642,869</b></u>
<b>CHANGE IN NET ASSETS</b>	(551,681)	149,978	-	(401,703)
<b>NET ASSETS</b>				
Beginning of Year	6,042,650	-	311,900	6,354,550
End of Year	<u>\$ 5,490,969</u>	<u>\$ 149,978</u>	<u>\$ 311,900</u>	<u>\$ 5,952,847</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, 2017**  
**(With Comparative Totals for the Year Ended June 30, 2016)**

	Program Services				
	Work Services	Transportation	Community Homes	MDC Transitional Supports	Case Management
REVENUE					
Contracts	\$ 1,526,265	\$ 159,274	\$ 1,730,499	\$ 215,215	\$ 1,891,061
Grants	-	-	-	-	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenue	<u>\$ 1,526,265</u>	<u>\$ 159,274</u>	<u>\$ 1,730,499</u>	<u>\$ 215,215</u>	<u>\$ 1,891,061</u>
EXPENSES					
Personnel	\$ 1,522,891	\$ 202,655	\$ 1,487,972	\$ 184,388	\$ 1,285,400
Cost of Space	76,867	7,807	26,113	5,987	77,753
Equipment	36,133	1,896	16,844	4,614	19,865
Transportation	248	158,554	113	3,120	41,594
Supplies	11,731	5,210	11,297	1,200	21,363
Postage	900	75	691	129	3,833
Telephone	7,773	543	5,092	884	21,967
Promotion	-	-	-	-	-
Staff Travel	1,070	98	1,131	258	19,204
Staff Training	1,448	117	1,262	271	1,221
Insurance - D&O	688	58	526	98	558
Professional Fees	3,428	287	2,622	488	2,778
Other	2,307	1,034	3,705	686	5,317
Client Wages	32	-	-	-	-
Production Payroll Taxes	2	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 1,665,518</u>	<u>\$ 378,334</u>	<u>\$ 1,557,368</u>	<u>\$ 202,123</u>	<u>\$ 1,500,853</u>
CHANGE IN NET ASSETS	<u>\$ (139,253)</u>	<u>\$ (219,060)</u>	<u>\$ 173,131</u>	<u>\$ 13,092</u>	<u>\$ 390,208</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, 2017**  
**(With Comparative Totals for the Year Ended June 30, 2016)**

	Program Services				
	DD Supported Living	DD Room & Board	Supported Living Sites	DPHHS Counseling	Medicaid Waiver Services
REVENUE					
Contracts	\$ 3,503,453	\$ -	\$ -	\$ 90,462	\$2,856,994
Grants	-	-	-	-	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	110,093	-	-
Miscellaneous	2,239	117,862	130,008	-	-
Total Revenue	<u>\$ 3,505,692</u>	<u>\$ 117,862</u>	<u>\$240,101</u>	<u>\$ 90,462</u>	<u>\$2,856,994</u>
EXPENSES					
Personnel	\$ 2,530,333	\$ 31,239	\$ 60,024	\$ 53,301	\$2,832,491
Cost of Space	40,900	57,061	97,839	1,188	59,220
Equipment	31,794	4,948	11,243	2,247	32,059
Transportation	260	71	154	2	94,618
Supplies	14,373	48,625	3,867	686	18,454
Postage	1,302	101	194	93	1,318
Telephone	14,724	3,119	9,408	356	9,194
Promotion	-	-	-	-	-
Staff Travel	16,225	44	91	91	8,547
Staff Training	2,850	249	505	272	2,546
Insurance - D&O	991	78	149	71	1,003
Professional Fees	4,927	387	750	356	4,995
Other	345,402	2,773	1,385	2,576	7,477
Client Wages	-	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 3,004,081</u>	<u>\$ 148,695</u>	<u>\$185,609</u>	<u>\$ 61,239</u>	<u>\$3,071,922</u>
CHANGE IN NET ASSETS	<u>\$ 501,611</u>	<u>\$ (30,833)</u>	<u>\$ 54,492</u>	<u>\$ 29,223</u>	<u>\$ (214,928)</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, 2017**  
**(With Comparative Totals for the Year Ended June 30, 2016)**

	Program Services				
	Medicaid Waiver Room & Board	RSD Set Aside	Extended Employment	Supported Employment	Client Private Pay
REVENUE					
Contracts	\$ -	\$ 231,883	\$ 312,456	\$109,849	\$ -
Grants	-	-	-	-	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	119,727	-	-	-	52,548
Total Revenue	<u>\$ 119,727</u>	<u>\$ 231,883</u>	<u>\$ 312,456</u>	<u>\$109,849</u>	<u>\$ 52,548</u>
EXPENSES					
Personnel	\$ 30,549	\$ 188,258	\$ 321,721	\$ 60,373	\$ 72,467
Cost of Space	51,940	3,884	11,729	981	2,830
Equipment	5,443	5,508	7,541	605	1,314
Transportation	68	12,193	16,141	4,296	3,004
Supplies	54,269	2,899	2,636	435	488
Postage	102	247	283	27	52
Telephone	2,427	1,089	2,810	224	500
Promotion	-	-	-	-	-
Staff Travel	43	504	345	203	77
Staff Training	245	830	411	202	90
Insurance - D&O	78	175	216	19	40
Professional Fees	390	870	1,078	95	199
Other	937	982	808	198	2,436
Client Wages	-	24,460	-	-	-
Production Payroll Taxes	-	2,810	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 146,491</u>	<u>\$ 244,709</u>	<u>\$ 365,719</u>	<u>\$ 67,658</u>	<u>\$ 83,497</u>
CHANGE IN NET ASSETS	<u>\$ (26,764)</u>	<u>\$ (12,826)</u>	<u>\$ (53,263)</u>	<u>\$ 42,191</u>	<u>\$ (30,949)</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, 2017**  
**(With Comparative Totals for the Year Ended June 30, 2016)**

	Program Services			Supporting Services	Totals	
	Other Grants	Sales	Total	Administration and Fund-Raising	2017	2016
REVENUE						
Contracts	\$13,591	\$ -	\$12,641,002	\$ -	\$12,641,002	\$12,184,629
Grants	-	278,978	278,978	-	278,978	-
Contributions	-	250	250	216,738	216,988	190,377
Sales	-	1,273,063	1,273,063	-	1,273,063	1,404,905
Investment	-	-	-	110,038	110,038	(14,740)
Gain on Disposal of Assets	-	-	110,093	13,567	123,660	602
Miscellaneous	-	42,581	464,965	57,270	522,235	475,393
Total Revenue	<u>\$13,591</u>	<u>\$ 1,594,872</u>	<u>\$14,768,351</u>	<u>\$ 397,613</u>	<u>\$15,165,964</u>	<u>\$14,241,166</u>
EXPENSES						
Personnel	\$ 8,328	\$ 255,013	\$11,127,403	\$ 175,374	\$11,302,777	\$10,992,409
Cost of Space	100	111,558	633,757	4,836	638,593	645,083
Equipment	50	53,520	235,624	36,904	272,528	308,962
Transportation	1,475	29,128	365,039	66	365,105	423,198
Supplies	70	55,750	253,353	20,067	273,420	307,080
Postage	2	1,052	10,401	1,801	12,202	15,217
Telephone	38	5,042	85,190	1,739	86,929	86,002
Promotion	-	4,193	4,193	14,632	18,825	26,651
Staff Travel	1	791	48,723	1,952	50,675	57,602
Staff Training	9	1,332	13,860	601	14,461	27,693
Insurance - D&O	1	802	5,551	251	5,802	5,199
Professional Fees	8	3,995	27,653	1,328	28,981	36,969
Other	11	22,409	400,443	93,878	494,321	469,806
Client Wages	-	677,465	701,957	-	701,957	842,460
Production Payroll Taxes	-	75,566	78,378	-	78,378	94,788
Production Material	-	248,047	248,047	-	248,047	219,732
Other Costs of Sales	-	76,871	76,871	-	76,871	84,018
TOTAL EXPENSES	<u>\$10,093</u>	<u>\$ 1,622,534</u>	<u>\$14,316,443</u>	<u>\$ 353,429</u>	<u>\$14,669,872</u>	<u>\$14,642,869</u>
CHANGE IN NET ASSETS	<u>\$ 3,498</u>	<u>\$ (27,662)</u>	<u>\$ 451,908</u>	<u>\$ 44,184</u>	<u>\$ 496,092</u>	<u>\$ (401,703)</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, 2016**

	Program Services				
	Work Services	Transportation	Community Homes	MDC Transitional Supports	DD Supports Working & Living Waiver
REVENUE					
Contracts	\$1,481,740	\$ 150,977	\$ 1,846,437	\$ 220,710	\$ 3,641
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenue	<u>\$1,481,740</u>	<u>\$ 150,977</u>	<u>\$ 1,846,437</u>	<u>\$ 220,710</u>	<u>\$ 3,641</u>
EXPENSES					
Personnel	\$1,488,053	\$ 194,956	\$ 1,584,177	\$ 182,658	\$ 12,940
Cost of Space	75,779	7,507	22,831	5,967	381
Equipment	39,679	3,330	19,695	4,107	159
Transportation	1,104	201,217	551	6,559	741
Supplies	13,584	1,060	12,732	1,090	112
Postage	1,289	135	1,049	149	10
Telephone	7,753	577	5,494	802	69
Promotion	-	-	-	-	-
Staff Travel	1,630	1,199	2,307	284	157
Staff Training	2,553	293	3,891	452	106
Insurance - D&O	661	69	535	77	5
Professional Fees	4,212	408	3,344	534	20
Other	5,594	609	3,049	1,996	450
Client Wages	27	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$1,641,918</u>	<u>\$ 411,360</u>	<u>\$ 1,659,655</u>	<u>\$ 204,675</u>	<u>\$ 15,150</u>
CHANGE IN NET ASSETS	<u>\$ (160,178)</u>	<u>\$ (260,383)</u>	<u>\$ 186,782</u>	<u>\$ 16,035</u>	<u>\$ (11,509)</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, 2016**

	Program Services					
	Case Management	DD Supported Living	DD Room & Board	Supported Living Sites	DPHHS Counseling	Medicaid Waiver Services
REVENUE						
Contracts	\$ 1,840,402	\$ 3,062,641	\$ -	\$ -	\$ 121,893	\$ 2,641,648
Contributions	-	600	-	60	-	-
Sales	-	-	-	-	-	-
Investment	-	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-	-
Miscellaneous	-	-	115,033	143,438	-	-
Total Revenue	<u>\$ 1,840,402</u>	<u>\$ 3,063,241</u>	<u>\$ 115,033</u>	<u>\$143,498</u>	<u>\$ 121,893</u>	<u>\$ 2,641,648</u>
EXPENSES						
Personnel	\$ 1,240,624	\$ 2,287,671	\$ 23,997	\$ 48,330	\$ 40,379	\$ 2,691,010
Cost of Space	72,437	36,365	55,008	98,992	1,065	52,967
Equipment	25,052	36,585	4,984	8,544	959	30,346
Transportation	34,254	1,204	69	2	1	82,888
Supplies	21,249	29,973	48,191	5,199	478	18,773
Postage	4,386	1,725	114	215	51	1,541
Telephone	21,331	10,818	3,151	11,043	166	8,600
Promotion	-	-	-	-	-	-
Staff Travel	22,845	15,296	61	295	114	7,191
Staff Training	2,008	6,138	163	318	169	5,834
Insurance - D&O	514	885	59	113	28	792
Professional Fees	3,325	5,746	413	829	270	5,435
Other	10,674	289,500	3,132	2,703	3,875	12,708
Client Wages	-	-	-	-	-	-
Production Payroll Taxes	-	-	-	-	-	-
Production Material	-	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 1,458,699</u>	<u>\$ 2,721,906</u>	<u>\$ 139,342</u>	<u>\$176,583</u>	<u>\$ 47,555</u>	<u>\$ 2,918,085</u>
CHANGE IN NET ASSETS	<u>\$ 381,703</u>	<u>\$ 341,335</u>	<u>\$ (24,309)</u>	<u>\$ (33,085)</u>	<u>\$ 74,338</u>	<u>\$ (276,437)</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, 2016**

	Program Services				
	Medicaid Waiver Room & Board	RSD Set Aside	Extended Employment	Supported Employment	Client Private Pay
REVENUE					
Contracts	\$ 123,254	\$ 253,225	\$ 308,885	\$ 113,388	\$ -
Contributions	-	500	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	-	-	-	-	82,102
Total Revenue	<u>\$ 123,254</u>	<u>\$ 253,725</u>	<u>\$ 308,885</u>	<u>\$ 113,388</u>	<u>\$ 82,102</u>
EXPENSES					
Personnel	\$ 24,596	\$ 188,005	\$ 344,136	\$ 53,087	\$ 73,314
Cost of Space	50,667	4,749	12,657	892	3,126
Equipment	4,232	8,603	9,516	918	1,761
Transportation	1	19,839	24,330	1,724	7,920
Supplies	59,728	4,054	3,269	571	776
Postage	122	472	439	49	94
Telephone	2,368	1,598	2,620	193	564
Promotion	-	-	-	-	-
Staff Travel	61	364	512	157	156
Staff Training	170	1,511	850	232	161
Insurance - D&O	62	237	225	23	48
Professional Fees	426	1,351	1,394	139	283
Other	1,016	1,590	1,263	133	268
Client Wages	-	20,587	-	-	-
Production Payroll Taxes	-	2,537	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 143,449</u>	<u>\$ 255,497</u>	<u>\$ 401,211</u>	<u>\$ 58,118</u>	<u>\$ 88,471</u>
CHANGE IN NET ASSETS	<u>\$ (20,195)</u>	<u>\$ (1,772)</u>	<u>\$ (92,326)</u>	<u>\$ 55,270</u>	<u>\$ (6,369)</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, 2016**

	Program Services			Supporting Services	Total
	Other Grants	Sales	Total	Administration and Fund-Raising	2016
REVENUE					
Contracts	\$ 13,766	\$ -	\$ 12,182,607	\$ 2,022	\$ 12,184,629
Contributions	-	22,040	23,200	167,177	190,377
Sales	-	1,404,905	1,404,905	-	1,404,905
Investment	-	-	-	(14,740)	(14,740)
Gain on Disposal of Assets	-	-	-	602	602
Miscellaneous	-	35,168	375,741	99,652	475,393
Total Revenue	<u>\$ 13,766</u>	<u>\$ 1,462,113</u>	<u>\$ 13,986,453</u>	<u>\$ 254,713</u>	<u>\$ 14,241,166</u>
EXPENSES					
Personnel	\$ 7,854	\$ 308,095	\$ 10,793,882	\$ 198,527	\$ 10,992,409
Cost of Space	223	141,717	643,330	1,753	645,083
Equipment	181	76,521	275,172	33,790	308,962
Transportation	1,474	38,865	422,743	455	423,198
Supplies	47	67,762	288,648	18,432	307,080
Postage	8	1,212	13,060	2,157	15,217
Telephone	17	7,116	84,280	1,722	86,002
Promotion	-	10,725	10,725	15,926	26,651
Staff Travel	1,783	2,505	56,917	685	57,602
Staff Training	11	1,763	26,623	1,070	27,693
Insurance - D&O	4	576	4,913	286	5,199
Professional Fees	20	6,976	35,125	1,844	36,969
Other	20	17,512	356,092	113,714	469,806
Client Wages	-	821,846	842,460	-	842,460
Production Payroll Taxes	-	92,251	94,788	-	94,788
Production Material	-	219,732	219,732	-	219,732
Other Costs of Sales	-	84,018	84,018	-	84,018
TOTAL EXPENSES	<u>\$ 11,642</u>	<u>\$ 1,899,192</u>	<u>\$ 14,252,508</u>	<u>\$ 390,361</u>	<u>\$ 14,642,869</u>
CHANGE IN NET ASSETS	<u>\$ 2,124</u>	<u>\$ (437,079)</u>	<u>\$ (266,055)</u>	<u>\$ (135,648)</u>	<u>\$ (401,703)</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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	<u>\$ 496,092</u>	<u>\$ (401,703)</u>
Adjustments to Reconcile the Change In Net Assets to Net Cash Flows From Operating Activities		
Depreciation	279,554	268,365
Gain on Disposal of Assets	(123,660)	(602)
Unrealized (Gain) Loss on Investments	(109,541)	14,954
Changes in Assets and Liabilities:		
Accounts Receivable	(209,110)	209,865
Inventory	26,959	(933)
Prepaid Expenses	8,891	(19,152)
Deposits	14,564	8,539
Accounts Payable	(834)	(63,468)
Accrued and Other Liabilities	(457,369)	257,029
Working Capital Reserve	<u>-</u>	<u>(29,285)</u>
Total Adjustments	<u>\$ (570,546)</u>	<u>\$ 645,312</u>
Net Cash Flows from Operating Activities	<u>\$ (74,454)</u>	<u>\$ 243,609</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Received from Sale of Buildings or Equipment	\$ 330,301	\$ 5,995
Cash Paid for Purchases of Buildings or Equipment	(428,545)	(261,423)
Cash Paid for Purchases of Investments	<u>(1,518)</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>\$ (99,762)</u>	<u>\$ (255,428)</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, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash Received from Issuance of Debt	\$ 193,000	\$ 380,961
Cash Paid for Debt Repayment	<u>(154,978)</u>	<u>(139,900)</u>
Net Cash Flows from Financing Activities	<u>\$ 38,022</u>	<u>\$ 241,061</u>
Net Change in Cash and Cash Equivalents	<u>(136,194)</u>	<u>229,242</u>
Cash and Cash Equivalents		
Beginning of Year	<u>919,606</u>	<u>690,364</u>
End of Year	<u><u>\$ 783,412</u></u>	<u><u>\$ 919,606</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u><u>\$ 37,843</u></u>	<u><u>\$ 31,203</u></u>

NON-CASH DISCLOSURE OF FINANCING ACTIVITIES:

During 2016, the Organization obtained financing from a local financial institution in the amount of \$950,000 and refinanced two existing loans with proceeds from this loan totaling \$581,898

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, 2017 and 2016**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Organization

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.

B. 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.

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.

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, 2017 and 2016, approximately \$639,000 and \$854,000 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.

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. At June 30, 2017 and 2016, management determined an allowance was not necessary based on a review of historical losses, specific accounts receivable balances, and industry and economic conditions. Management reviews accounts receivable periodically and writes off any receivable determined to be uncollectible. Write offs totaled \$24,033 and \$16,654 for 2017 and 2016, 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.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2017 and 2016**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

E. Inventory

Inventory consists primarily of materials and supplies used in the Organization's income-producing activities. Inventory is stated at 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.

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.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2017 and 2016**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

H. Funding and Net Asset Classification

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 unrestricted revenue. Certain contracts with DPHHS are considered subrecipient arrangements and include certain federal funding agencies.

The Organization classifies contributions as unrestricted, temporarily restricted, and permanently restricted net assets 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.

Temporarily restricted net assets include grants not expended and other gifts restricted as to purpose or time. At June 30, 2017 and 2016, temporarily restricted net assets totaled \$10,032 and \$149,978, respectively.

When a donor restriction expires (time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. All expenses are reported in unrestricted net assets after applicable restrictions have been satisfied.

Permanently restricted net assets consist primarily of real property where the donor has specified the use of the property for client education purposes and for investment to support the Organization's mission into perpetuity.

I. Expense Allocations

Administrative expenses are allocated to the sales and program services departments according to the portion of cost benefiting each department.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2017 and 2016**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(continued)**

J. Advertising and Promotion Costs

The Organization expenses the cost of advertising and promotion as incurred. Advertising and promotion expenses totaled \$18,825 and \$26,651 in 2017 and 2016, 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 Organizations 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.

With few exceptions, the Organization's information returns are not subject to examination for tax years prior to 2014.

N. Subsequent Events

Management has evaluated subsequent events through December 21, 2017, the date which the financial statements were available for issue.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2017 and 2016**

**NOTE 2. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2017 and 2016 was comprised of the following:

	<u>2017</u>	<u>2016</u>
Sales	\$ 179,573	\$ 157,140
Contracts	1,251,526	1,055,543
Other	<u>13,766</u>	<u>23,072</u>
	<u>\$ 1,444,865</u>	<u>\$ 1,235,755</u>

**NOTE 3. INVENTORY**

Inventory at June 30, 2017 and 16 was comprised of:

	<u>2017</u>	<u>2016</u>
Livestock	\$ -	\$ 282
Raw Materials	117,441	126,953
Finished Goods	<u>48,784</u>	<u>65,949</u>
	<u>\$ 166,225</u>	<u>\$ 193,184</u>

**NOTE 4. INVESTMENTS**

Investment income for the years ended June 30, 2017 and 2016, respectively, is summarized below:

	<u>2017</u>	<u>2016</u>
Investment Income	\$ 497	\$ 213
Realized and Unrealized gains, net	<u>109,541</u>	<u>(14,953)</u>
Total	<u>\$110,038</u>	<u>\$ (14,740)</u>

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

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2017 and 2016**

**NOTE 4. INVESTMENTS (continued)**

The cost and fair value of investments at June 30, 2017 are as follows:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
Money Market Accounts	\$ 4,719	\$ -	\$ 4,719
<u>Level 1:</u>			
Mutual Funds			
Income	70,000	(22,659)	47,341
Income and Growth	583,706	191,298	775,004
Total Mutual Funds	653,706	168,639	822,345
Total	<u>\$658,425</u>	<u>\$168,639</u>	<u>\$827,064</u>

The cost and fair value of investments at June 30, 2016 are as follows:

	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Fair Value</u>
Money Market Accounts	\$ 4,702	\$ -	\$ 4,702
<u>Level 1:</u>			
Mutual Funds			
Income	70,000	(22,988)	47,012
Income and Growth	401,773	262,518	664,291
Total Mutual Funds	471,773	239,530	711,303
Total	<u>\$476,475</u>	<u>\$239,530</u>	<u>\$716,005</u>

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2017 and 2016**

**NOTE 5. LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment at June 30, 2017 and 2016 were as follows:

	2015	Additions	Disposals or Transfers	2016
Land	\$ 1,455,265	\$ -	\$ -	\$ 1,455,265
Construction in Progress	21,433	69,177	-	90,610
Building and Improvements	5,456,233	127,020	(5)	5,583,248
Equipment, Furniture, and Fixtures	2,251,047	65,226	(25,367)	2,290,906
	9,183,978	261,423	(25,372)	9,420,029
Accumulated Depreciation	(4,215,349)	(268,365)	19,979	(4,463,735)
Land, Buildings, and Equipment, net	<u>\$ 4,968,629</u>	<u>\$ (6,942)</u>	<u>\$ (5,393)</u>	<u>\$ 4,956,294</u>

	2016	Additions	Disposals or Transfers	2017
Land	\$ 1,455,265	\$ -	\$ -	\$ 1,455,265
Construction in Progress	90,610	-	(90,610)	-
Building and Improvements	5,583,248	268,381	(236,651)	5,614,978
Equipment, Furniture, and Fixtures	2,290,906	250,775	(79,481)	2,462,200
	9,420,029	519,156	(406,742)	9,532,443
Accumulated Depreciation	(4,463,735)	(279,554)	109,490	(4,633,799)
Land, Buildings, and Equipment, net	<u>\$ 4,956,294</u>	<u>\$ 239,602</u>	<u>\$ (297,252)</u>	<u>\$ 4,898,644</u>

Depreciation expense for the years ended June 30, 2017 and 2016 totaled \$279,554 and \$268,365, respectively.

During June 30, 2017, \$90,610 of construction in progress was reclassified to building and improvements and the effect is represented in the "Disposals or Transfers" column.

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 permanently restricted net assets.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2017 and 2016**

**NOTE 6. 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 2021. Future minimum rental payments required under these operating leases as of June 30 follow:

2018	\$ 61,622
2019	17,745
2020	2,700
2021	<u>2,700</u>
	<u>\$ 84,767</u>

Rent expense totaled \$183,429 and \$209,342 in 2017 and 2016, respectively.

**NOTE 7. NOTES PAYABLE**

The Organization has a \$150,000 commitment with a local financial institution that matures on September 23, 2018 with interest at 4.0%. This commitment was unused at June 30, 2017 and 2016.

The Organization maintains an operating line of credit with a local financial institution with a credit limit of \$250,000 that matured March 30, 2016. The interest rate at June 30, 2016 and through maturity was 4.00%. There was no outstanding balance at June 30, 2016.

Long-term notes payable at June 30 consisted of:

	<u>2017</u>	<u>2016</u>
Note payable to Montana Health Facility Authority pooled mortgage loan, repayable in monthly payments of \$1,075, including interest at 0.25%; maturing June 2018.	\$ 11,810	\$ 25,727
Mortgage payable to Streeter Brothers Mortgage Co., repayable in monthly payments of \$644, including interest at 2.75%; maturing June 2031.	89,665	94,845
Note payable to Missoula County, repayable in monthly payments of \$167, interest free; maturing May 2016.	-	(333)

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2017 and 2016**

**NOTE 7. NOTES PAYABLE (continued)**

	<u>2017</u>	<u>2016</u>
Note payable to Missoula Federal Credit Union, repayable in monthly payments of \$4,344, including interest at 3.79%; maturing March 10, 2021.	181,957	-
Note payable to Missoula Federal Credit Union, repayable in monthly payments of \$12,833, including interest at 3.63%; maturing June 1, 2023.	829,115	950,000
Note payable to Source America, repayable in quarterly payments of \$1,072, including interest at 1.625%; maturing October 22, 2018.	<u>6,430</u>	<u>10,716</u>
Total Long-Term Debt	\$ 1,118,977	\$ 1,080,955
Less current portion	<u>193,422</u>	<u>143,200</u>
Long-Term Debt	<u>\$ 925,555</u>	<u>\$ 937,755</u>

Annual debt maturities are as follows:

<u>June 30,</u>	
2018	\$ 193,422
2019	186,041
2020	190,683
2021	184,736
2022	151,571
Thereafter	<u>212,524</u>
	<u>\$ 1,118,977</u>

Substantially all long-term borrowings are secured by land, buildings, and equipment. Interest expense totaled \$37,843 and \$31,203 for 2017 and 2016, respectively.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2017 and 2016**

**NOTE 8. OTHER LIABILITIES**

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

**NOTE 9. 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, 2017 are \$2,341,928 and \$1,182,293, respectively, and are \$2,337,109 and \$1,108,619 at June 30, 2016, 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 10. 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 2017 and 2016 totaled \$83,997 and \$84,566, respectively.

**NOTE 11. FUND-RAISING EXPENSES**

Fund-raising expenses for the years ended June 30, 2017 and 2016 totaled \$273,939 and \$302,708, respectively. Fund-raising expenses represent 1.9% and 2.1% of total expense for the years ended June 30, 2017 and 2016, respectively. Fund-raising revenue totaled \$200,462 and \$169,079 for the years ended June 30, 2017 and 2016, respectively.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2017 and 2016**

**NOTE 12. CONCENTRATIONS AND OPERATIONS**

Amounts due under various contracts and agreements with the State of Montana represented approximately 87% and 85% of total accounts receivable at June 30, 2017 and 2016, respectively.

Revenue from various contracts and agreements with the State of Montana represented approximately 83% and 85% of the Organizations total revenue for the years ended June 30, 2017 and 2016, 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% and 21% of total accounts payable at June 30, 2017 and 2016, respectively.

**NOTE 13. RECLASSIFICATIONS**

Certain reclassifications have been made to the June 30, 2016 financial statement presentation to correspond to the June 30, 2017 format. Net assets and changes in net assets are unchanged due to these reclassifications.

## **SUPPLEMENTAL INFORMATION**

**OPPORTUNITY RESOURCES, INC.**  
**SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT**  
**For the Years Ended June 30, 2017 and 2016**

For the Year Ended June 30, 2017

	<u>Woodshop</u>	<u>Janitorial</u>	<u>Production Center</u>	<u>EZ Brothers</u>	<u>E-Cycle</u>	<u>Misc</u>	<u>Total</u>
Revenues	\$ 376,077	\$ 509,148	\$ 189,526	\$ 45,451	\$ 49,929	\$ 381,910	\$ 1,552,041
Expenditures	<u>392,244</u>	<u>385,406</u>	<u>293,085</u>	<u>30,276</u>	<u>216,783</u>	<u>254,279</u>	<u>1,572,073</u>
Net Profit (Loss)	<u>\$ (16,167)</u>	<u>\$ 123,742</u>	<u>\$ (103,559)</u>	<u>\$ 15,175</u>	<u>\$ (166,854)</u>	<u>\$ 127,631</u>	<u>\$ (20,032)</u>

For the Year Ended June 30, 2016

	<u>Woodshop</u>	<u>Janitorial</u>	<u>Production Center</u>	<u>EZ Brothers</u>	<u>E-Cycle</u>	<u>Misc</u>	<u>Total</u>
Revenues	\$ 229,811	\$ 652,647	\$ 90,005	\$ 82,858	\$ 85,496	\$ 264,088	\$ 1,404,905
Expenditures	<u>384,445</u>	<u>498,508</u>	<u>214,515</u>	<u>37,447</u>	<u>336,335</u>	<u>373,537</u>	<u>1,844,787</u>
Net Profit (Loss)	<u>\$ (154,634)</u>	<u>\$ 154,139</u>	<u>\$ (124,510)</u>	<u>\$ 45,411</u>	<u>\$ (250,839)</u>	<u>\$ (109,449)</u>	<u>\$ (439,882)</u>

See Independent Auditor's Report

## **SINGLE AUDIT SECTION**

**OPPORTUNITY RESOURCES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2017**

	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
U.S. Department of Education				
Passed through the Montana Department of Public Health and Human Services				
Rehabilitation Services - Vocational Rehabilitation Supported Employment Services for Individuals	N/A	84.126A	\$ 185,121	\$ 0
RSD Set Aside Transitional Employment (VI-C)	N/A	84.187A	67,658	0
Total U.S. Department of Education			\$ 252,779	\$ 0
U.S. Department of Health and Human Services				
Passed through the Montana Department of Public Health and Human Services				
Social Services Block Grant				
DD Individual Goods and Services	17-145-0200	93.667	\$ 4,764	\$ 0
Medicaid Cluster				
Medicaid Waiver (Title XIX) - Medical Assistance Program	N/A	93.778	1,963,400	0
DD Individual Goods, Services, & PERS	17-145-0200	93.778	47,914	0
Total Medicaid Cluster			\$ 2,011,314	\$ 0
Total U.S. Department of Health and Human Services			\$ 2,016,078	\$ 0
Total Federal Expenditures			\$ 2,268,857	\$ 0

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, 2017**

**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, 2017. 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 selection 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). The Medical Assistance Program is part of the Medicaid Cluster and is the major federal program for fiscal year 2017. 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 to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance.

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## Peterson CPA Group, P.C.

### 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, 2017, 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 December 21, 2017.

#### **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.

A handwritten signature in black ink that reads "Peterson CPA Group, P.C." in a cursive, flowing script.

Peterson CPA Group, P.C.  
Missoula, Montana  
December 21, 2017



# Peterson CPA Group, P.C.

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH 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 Each 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, 2017. 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 Each 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, 2017.

## **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  
December 21, 2017

**OPPORTUNITY RESOURCES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2017**

**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; Title XIX) CFDA 93.778  
Medicaid Cluster

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.

**OPPORTUNITY RESOURCES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the Year Ended June 30, 2017**

**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, 2016 contained no findings.