



**OPPORTUNITY RESOURCES, INC.**

**INDEPENDENT AUDITOR'S REPORTS and  
FINANCIAL STATEMENTS**

For the Years Ended  
June 30, 2018 and 2017

**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, 2018 and 2017 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, 2018 and 2017 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 schedules of revenues and expenditures by department on page 32 are 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 February 7, 2019, 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  
February 7, 2019

## **FINANCIAL STATEMENTS**

**OPPORTUNITY RESOURCES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,558,714	\$ 783,412
Accounts Receivable, net	1,194,606	1,444,865
Inventory	216,107	166,225
Prepaid Expenses	<u>31,411</u>	<u>172,041</u>
TOTAL CURRENT ASSETS	<u>3,000,838</u>	<u>2,566,543</u>
INVESTMENTS	<u>817,422</u>	<u>827,064</u>
LAND, BUILDINGS, AND EQUIPMENT, net	<u>4,837,473</u>	<u>4,898,644</u>
OTHER ASSETS		
Funds Held-in-Trust	159,449	141,961
Deposits	41,402	47,181
Beneficial Interest in Endowment	<u>95,244</u>	<u>-</u>
TOTAL OTHER ASSETS	<u>296,095</u>	<u>189,142</u>
TOTAL ASSETS	<u>\$ 8,951,828</u>	<u>\$ 8,481,393</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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 90,270	\$ 105,631
Payroll Taxes Payable	119,972	139,557
Wages Payable	119,083	115,451
Accrued Vacation and Sick Pay	379,966	407,285
NISH Payable	1,579	3,114
Customer Deposits	467	368
Other Payables	145	110
Current Portion of Long-Term Debt	<u>204,978</u>	<u>193,422</u>
TOTAL CURRENT LIABILITIES	<u>916,460</u>	<u>964,938</u>
LONG-TERM DEBT, Net of Current Portion	<u>817,913</u>	<u>925,555</u>
OTHER LIABILITIES		
Funds Held-in-Trust	<u>159,449</u>	<u>141,961</u>
TOTAL OTHER LIABILITIES	<u>159,449</u>	<u>141,961</u>
TOTAL LIABILITIES	<u>1,893,822</u>	<u>2,032,454</u>
NET ASSETS		
Unrestricted	6,645,596	6,127,007
Temporarily Restricted	5,266	10,032
Permanently Restricted	<u>407,144</u>	<u>311,900</u>
TOTAL NET ASSETS	<u>7,058,006</u>	<u>6,448,939</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,951,828</u>	<u>\$ 8,481,393</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, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
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	<u>502,713</u>	<u>-</u>	<u>-</u>	<u>502,713</u>
TOTAL REVENUE AND SUPPORT	14,440,356	7,416	-	14,447,772
Net Assets Released from Restriction	<u>12,182</u>	<u>(12,182)</u>	<u>-</u>	<u>-</u>
	<u>\$14,452,538</u>	<u>\$ (4,766)</u>	<u>\$ -</u>	<u>\$14,447,772</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, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
EXPENSES				
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	<u>1,375,861</u>	<u>-</u>	<u>-</u>	<u>1,375,861</u>
Total Program Services	13,590,815	-	-	13,590,815
Supporting Services				
Administration	81,109	-	-	81,109
Fund-Raising	<u>166,781</u>	<u>-</u>	<u>-</u>	<u>166,781</u>
Total Supporting Services	<u>247,890</u>	<u>-</u>	<u>-</u>	<u>247,890</u>
TOTAL EXPENSES	<u>13,838,705</u>	<u>-</u>	<u>-</u>	<u>13,838,705</u>
Change in Net Assets	613,833	(4,766)	-	609,067
NET ASSETS				
Beginning of Year	6,127,007	10,032	311,900	6,448,939
Transfer to Beneficial Interest in Endowment	<u>(95,244)</u>	<u>-</u>	<u>95,244</u>	<u>-</u>
End of Year	<u>\$ 6,645,596</u>	<u>\$ 5,266</u>	<u>\$ 407,144</u>	<u>\$ 7,058,006</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 AND SUPPORT				
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	<u>522,235</u>	<u>-</u>	<u>-</u>	<u>522,235</u>
TOTAL REVENUE AND SUPPORT	15,155,932	10,032	-	15,165,964
Net Assets Released from Restriction	<u>149,978</u>	<u>(149,978)</u>	<u>-</u>	<u>-</u>
	<u>\$15,305,910</u>	<u>\$ (139,946)</u>	<u>\$ -</u>	<u>\$15,165,964</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, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
EXPENSES				
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	<u>1,622,534</u>	<u>-</u>	<u>-</u>	<u>1,622,534</u>
Total Program Services	14,316,443	-	-	14,316,443
Supporting Services				
Administration	79,490	-	-	79,490
Fund-Raising	<u>273,939</u>	<u>-</u>	<u>-</u>	<u>273,939</u>
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 FUNCTIONAL REVENUE AND EXPENSES**  
**For the Year Ended June 30, 2018**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	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**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	Program Services				
	DD Supported Living	DD Room & Board	Supported Living Sites	DPHHS Counseling	Medicaid Waiver Services
REVENUE AND SUPPORT					
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	-
Total Revenue and Support	<u>\$ 3,464,163</u>	<u>\$ 130,556</u>	<u>\$ 130,060</u>	<u>\$ 89,937</u>	<u>\$ 2,738,642</u>
EXPENSES					
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	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 3,214,589</u>	<u>\$ 156,507</u>	<u>\$ 192,634</u>	<u>\$ 52,627</u>	<u>\$ 2,561,475</u>
Change in Net Assets	<u>\$ 249,574</u>	<u>\$ (25,951)</u>	<u>\$ (62,574)</u>	<u>\$ 37,310</u>	<u>\$ 177,167</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**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	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**  
**(With Comparative Totals for the Year Ended June 30, 2017)**

	Program Services		Supporting Services	Totals	
	Sales	Total Program Services	Administration and Fund-Raising	2018	2017
REVENUE AND SUPPORT					
Contracts	\$ -	\$ 12,071,490	\$ -	\$ 12,071,490	\$ 12,641,002
Grants	144,000	152,000	69,400	221,400	278,978
Contributions	16,010	16,310	345,240	361,550	216,988
Sales	1,197,371	1,197,371	-	1,197,371	1,273,063
Investment	-	-	86,599	86,599	110,038
Gain on Disposal of Assets	-	-	6,649	6,649	123,660
Miscellaneous	52,980	472,493	30,220	502,713	522,235
Total Revenue and Support	<u>\$ 1,410,361</u>	<u>\$ 13,909,664</u>	<u>\$ 538,108</u>	<u>\$ 14,447,772</u>	<u>\$ 15,165,964</u>
EXPENSES					
Personnel	\$ 139,558	\$ 10,666,525	\$ 104,195	\$ 10,770,720	\$ 11,302,777
Cost of Space	56,687	560,946	3,379	564,325	638,593
Equipment	33,994	211,034	27,462	238,496	272,528
Transportation	17,978	311,449	23	311,472	365,105
Supplies	58,776	246,367	21,673	268,040	273,420
Postage	565	9,825	2,067	11,892	12,202
Telephone	2,764	81,643	2,002	83,645	86,929
Promotion	607	607	7,806	8,413	18,825
Staff Travel	69	38,410	335	38,745	50,675
Staff Training	1,156	16,355	646	17,001	14,461
Insurance - D&O	517	7,025	390	7,415	5,802
Professional Fees	2,261	35,814	2,122	37,936	28,981
Other	2,610	337,910	75,790	413,700	494,321
Client Wages	673,720	681,354	-	681,354	701,957
Production Payroll Taxes	82,268	83,220	-	83,220	78,378
Production Material	236,154	236,154	-	236,154	248,047
Other Costs of Sales	66,177	66,177	-	66,177	76,871
TOTAL EXPENSES	<u>\$ 1,375,861</u>	<u>\$ 13,590,815</u>	<u>\$ 247,890</u>	<u>\$ 13,838,705</u>	<u>\$ 14,669,872</u>
Change in Net Assets	<u>\$ 34,500</u>	<u>\$ 318,849</u>	<u>\$ 290,218</u>	<u>\$ 609,067</u>	<u>\$ 496,092</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**

	Program Services				
	Work Services	Transportation	Community Homes	MDC Transitional Supports	Case Management
REVENUE AND SUPPORT					
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 and Support	<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**

	Program Services				
	DD Supported Living	DD Room & Board	Supported Living Sites	DPHHS Counseling	Medicaid Waiver Services
REVENUE AND SUPPORT					
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 and Support	<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**

	Program Services				
	Medicaid Waiver Room & Board	RSD Set Aside	Extended Employment	Supported Employment	Client Private Pay
REVENUE AND SUPPORT					
Contracts	\$ -	\$ 231,883	\$ 312,456	\$ 109,849	\$ -
Grants	-	-	-	-	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	119,727	-	-	-	52,548
Total Revenue and Support	<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**

	Program Services			Supporting Services	Total
	Other Grants	Sales	Total Program Services	Administration and Fund-Raising	2017
REVENUE AND SUPPORT					
Contracts	\$ 13,591	\$ -	\$ 12,641,002	\$ -	\$ 12,641,002
Grants	-	278,978	278,978	-	278,978
Contributions	-	250	250	216,738	216,988
Sales	-	1,273,063	1,273,063	-	1,273,063
Investment	-	-	-	110,038	110,038
Gain on Disposal of Assets	-	-	110,093	13,567	123,660
Miscellaneous	-	42,581	464,965	57,270	522,235
Total Revenue and Support	<u>\$ 13,591</u>	<u>\$ 1,594,872</u>	<u>\$ 14,768,351</u>	<u>\$ 397,613</u>	<u>\$ 15,165,964</u>
EXPENSES					
Personnel	\$ 8,328	\$ 255,013	\$ 11,127,403	\$ 175,374	\$ 11,302,777
Cost of Space	100	111,558	633,757	4,836	638,593
Equipment	50	53,520	235,624	36,904	272,528
Transportation	1,475	29,128	365,039	66	365,105
Supplies	70	55,750	253,353	20,067	273,420
Postage	2	1,052	10,401	1,801	12,202
Telephone	38	5,042	85,190	1,739	86,929
Promotion	-	4,193	4,193	14,632	18,825
Staff Travel	1	791	48,723	1,952	50,675
Staff Training	9	1,332	13,860	601	14,461
Insurance - D&O	1	802	5,551	251	5,802
Professional Fees	8	3,995	27,653	1,328	28,981
Other	11	22,409	400,443	93,878	494,321
Client Wages	-	677,465	701,957	-	701,957
Production Payroll Taxes	-	75,566	78,378	-	78,378
Production Material	-	248,047	248,047	-	248,047
Other Costs of Sales	-	76,871	76,871	-	76,871
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>
Change in Net Assets	<u>\$ 3,498</u>	<u>\$ (27,662)</u>	<u>\$ 451,908</u>	<u>\$ 44,184</u>	<u>\$ 496,092</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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ 609,067	\$ 496,092
Adjustments to Reconcile the Change In Net Assets to Net Cash Flows From Operating Activities		
Depreciation	285,977	279,554
Gain on Disposal of Assets	(6,649)	(123,660)
Net Gain on Investments	(21,404)	(109,541)
Changes in Current Assets and Liabilities:		
Accounts Receivable	250,259	(209,110)
Inventory	(49,882)	26,959
Prepaid Expenses	140,630	8,891
Deposits	5,779	14,564
Accounts Payable	(15,361)	(834)
Accrued and Other Liabilities	<u>(44,673)</u>	<u>(457,369)</u>
Total Adjustments	<u>544,676</u>	<u>(570,546)</u>
Net Cash Flows from Operating Activities	<u>\$ 1,153,743</u>	<u>\$ (74,454)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash Received from Sale of Buildings or Equipment	\$ 35,727	\$ 330,301
Cash Paid for Purchases of Buildings or Equipment	(253,884)	(428,545)
Contributions to the Agency Endowment Fund	(95,244)	-
Cash Received from Sale of Investments	99,899	-
Cash Paid for Purchases of Investments	<u>(68,853)</u>	<u>(1,518)</u>
Net Cash Flows from Investing Activities	<u>\$ (282,355)</u>	<u>\$ (99,762)</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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash Received from Issuance of Debt	\$ 103,000	\$ 193,000
Cash Paid for Debt Repayment	<u>(199,086)</u>	<u>(154,978)</u>
Net Cash Flows from Financing Activities	\$ (96,086)	\$ 38,022
Net Change in Cash and Cash Equivalents	775,302	(136,194)
Cash and Cash Equivalents		
Beginning of Year	<u>783,412</u>	<u>919,606</u>
End of Year	<u>\$ 1,558,714</u>	<u>\$ 783,412</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 37,820</u>	<u>\$ 37,843</u>

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, 2018 and 2017**

**NOTE 1. 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.

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

**A. Recent Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) issued ASU 2016-04: *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 provisions of this ASU are effective for the Organization for annual financial statements issued for fiscal years beginning after December 15, 2017. Early implementation is permitted. The Organization has not elected to early implement.

The FASB issued ASU 2014-09: *Revenue from Contracts with Customers* 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 the Organization for annual periods beginning after December 15, 2018. Early implementation is permitted. The Organization has not elected to early implement and is currently evaluating the impact of this ASU.

The FASB issued ASU 2016-02: *Leases* in February 2016. This ASU requires the recognition of lease assets and liabilities in the financial statements as a "right-of-use" asset and a lease liability. This ASU supersedes current lease accounting requirements of the FASB and requires new, additional disclosures. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The provisions of this ASU are effective for the Organization for fiscal years beginning after December 15, 2019. Early implementation is permitted. The Organization has not elected to early implement and is currently evaluating the impact of this ASU.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2018 and 2017**

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

**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 FASB.

**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, 2018 and 2017, approximately \$1,408,500 and \$639,000 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, 2018 and 2017, 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 \$4,189 and \$24,033 for 2018 and 2017, 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 cost, or current catalog cost, using the first-in, first-out method (FIFO). Costs of finished goods represent direct costs associated with inventory production.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2018 and 2017**

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

**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.

**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.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2018 and 2017**

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

H. Funding and Net Asset Classification, continued

Temporarily restricted net assets include grants not expended and other gifts restricted as to purpose or time. At June 30, 2018 and 2017, temporarily restricted net assets totaled \$5,266 and \$10,032, 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 (\$311,900 in 2018 and 2017) and a newly formed endowment fund during 2018 with the Montana Community Foundation (\$95,244 in 2018 and \$-0- in 2017).

I. Expense Allocations

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

J. Advertising and Promotion Costs

The Organization expenses the cost of advertising and promotion as incurred. Advertising and promotion expenses totaled \$8,413 and \$18,825 in 2018 and 2017, 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.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2018 and 2017**

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

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.

N. Subsequent Events

Management has evaluated subsequent events through February 7, 2019, the date which the financial statements were available for issue.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2018 and 2017**

**NOTE 3. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2018 and 2017 was comprised of the following:

	<u>2018</u>	<u>2017</u>
Sales	\$ 143,815	\$ 179,573
Contracts	959,304	1,251,526
Other	<u>91,487</u>	<u>13,766</u>
	<u>\$ 1,194,606</u>	<u>\$ 1,444,865</u>

**NOTE 4. INVENTORY**

Inventory at June 30, 2018 and 2017 was comprised of:

	<u>2018</u>	<u>2017</u>
Raw Materials	\$ 107,944	\$ 117,441
Finished Goods	<u>108,163</u>	<u>48,784</u>
	<u>\$ 216,107</u>	<u>\$ 166,225</u>

**NOTE 5. 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. 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.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2018 and 2017**

**NOTE 5. INVESTMENTS (continued)**

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.

Investment income for the years ended June 30, 2018 and 2017, respectively, is summarized below:

	<u>2018</u>	<u>2017</u>
Investment Income	\$ 998	\$ 497
Realized and Unrealized gains, net	<u>85,601</u>	<u>109,541</u>
Total	<u>\$ 86,599</u>	<u>\$ 110,038</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).

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	<u>\$ 4,742</u>	<u>\$ -</u>	<u>\$ 4,742</u>
<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>

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2018 and 2017**

**NOTE 5. 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	<u>583,706</u>	<u>191,298</u>	<u>775,004</u>
Total Mutual Funds	<u>653,706</u>	<u>168,639</u>	<u>822,345</u>
	<u>\$ 658,425</u>	<u>\$ 168,639</u>	<u>\$ 827,064</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, 2018 and 2017:

	<u>2018</u>		
	Fair Value Level 1 <u>Inputs</u>	Fair Value Level 2 <u>Inputs</u>	Fair Value Level 3 <u>Inputs</u>
			<u>Total</u>
Mutual Funds	\$ 812,680	\$ -	\$ -
Beneficial Interest in Endowment	<u>-</u>	<u>-</u>	<u>95,244</u>
Total	<u>\$ 812,680</u>	<u>\$ -</u>	<u>\$ 95,244</u>

  

	<u>2017</u>		
	Fair Value Level 1 <u>Inputs</u>	Fair Value Level 2 <u>Inputs</u>	Fair Value Level 3 <u>Inputs</u>
			<u>Total</u>
Mutual Funds	\$ 822,345	\$ -	\$ -
Beneficial Interest in Endowment	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 822,345</u>	<u>\$ -</u>	<u>\$ 822,345</u>

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2018 and 2017**

**NOTE 5. INVESTMENTS (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, 2018 and 2017 follows:

	<u>2018</u>	<u>2017</u>
Fair Value, Beginning of Year	\$ -	\$ -
Contributions in Revenue	-	-
Realized and Unrealized Gains	-	-
Transfers	<u>95,244</u>	<u>-</u>
Fair Value, End of Year	<u>\$ 95,244</u>	<u>\$ -</u>

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 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 2022. Future minimum rental payments required under these operating leases as of June 30 follow:

2019	\$ 5,660
2020	2,700
2021	2,700
2022	<u>675</u>
	<u>\$ 11,735</u>

Rent expense totaled \$83,368 and \$183,429 in 2018 and 2017, respectively.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2018 and 2017**

**NOTE 7. LAND, BUILDINGS, AND EQUIPMENT**

Land, buildings, and equipment at June 30, 2018 and 2017 were as follows:

	<u>2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>2017</u>
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	<u>2,290,906</u>	<u>250,775</u>	<u>(79,481)</u>	<u>2,462,200</u>
	9,420,029	519,156	(406,742)	9,532,443
Accumulated Depreciation	<u>(4,463,735)</u>	<u>(279,554)</u>	<u>109,490</u>	<u>(4,633,799)</u>
Land, Buildings, and Equipment, net	<u>\$ 4,956,294</u>	<u>\$ 239,602</u>	<u>\$ (297,252)</u>	<u>\$ 4,898,644</u>

  

	<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>

Depreciation expense for the years ended June 30, 2018 and 2017 totaled \$285,977 and \$279,554, 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” 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, 2018 and 2017**

**NOTE 8. NOTES PAYABLE**

Long-term notes payable at June 30 consisted of:

	<u>2018</u>	<u>2017</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
Mortgage payable to Streeter Brothers Mortgage Co., repayable in monthly payments of \$644, including interest at 2.75%; maturing June 2031.	83,266	89,665
Note payable to Missoula Federal Credit Union, repayable in monthly payments of \$4,344, including interest at 3.79%; maturing March 10, 2021.	135,930	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.	703,140	829,115
Note payable to Missoula Federal Credit Union, repayable in monthly payments of \$1,930, including interest at 4.70%; maturing March 20, 2023.	98,412	-
Note payable to Source America, repayable in quarterly payments of \$1,072, including interest at 1.625%; maturing October 22, 2018.	<u>2,143</u>	<u>6,430</u>
Total Long-Term Debt	\$ 1,022,891	\$ 1,118,977
Less current portion	<u>204,978</u>	<u>193,422</u>
Long-Term Debt	<u>\$ 817,913</u>	<u>\$ 925,555</u>

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2018 and 2017**

**NOTE 8. NOTES PAYABLE (continued)**

Annual debt maturities are as follows:

<u>June 30,</u>	
2019	\$ 204,978
2020	210,525
2021	205,539
2022	173,369
2023	174,145
Thereafter	<u>54,335</u>
	<u>\$ 1,022,891</u>

Substantially all long-term borrowings are secured by land, buildings, and equipment. Interest expense totaled \$37,820 and \$37,843 for 2018 and 2017, respectively.

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, 2018 and 2017. This line was not subsequently renewed.

The Organization maintains an operating line of credit with a local financial institution with a credit limit of \$250,000 that matured November 15, 2018. This line of credit was subsequently renewed under the same terms and conditions and matures on October 30, 2019. The interest rate at June 30, 2018 and 2017 was 4.75% and 4.00%, respectively. There was no outstanding balance at June 30, 2018 or 2017.

**NOTE 9. OTHER LIABILITIES**

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

**NOTE 10. 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, 2018 are \$2,391,984 and \$1,226,189, respectively, and are \$2,341,928 and \$1,182,293 at June 30, 2017, respectively. Since management intends to provide the specified services indefinitely, the likelihood of the governmental agencies assuming ownership is considered remote.

**OPPORTUNITY RESOURCES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2018 and 2017**

**NOTE 10. COMMITMENTS AND CONTINGENCIES (continued)**

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 11. 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 2018 and 2017 totaled \$82,816 and \$83,997, respectively.

**NOTE 12. FUND-RAISING EXPENSES**

Fund-raising expenses for the years ended June 30, 2018 and 2017 totaled \$166,781 and \$273,939, respectively. Fund-raising expenses represent 1.2% and 1.9% of total expense for the years ended June 30, 2018 and 2017, respectively. Fund-raising revenue totaled \$342,920 and \$200,462 for the years ended June 30, 2018 and 2017, respectively.

**NOTE 13. CONCENTRATIONS AND OPERATIONS**

Amounts due under various contracts and agreements with the State of Montana represented approximately 80% and 87% of total accounts receivable at June 30, 2018 and 2017, respectively.

Revenue from various contracts and agreements with the State of Montana represented approximately 84% and 83% of the Organizations total revenue for the years ended June 30, 2018 and 2017, 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, 2018 and 2017, respectively.

## **SUPPLEMENTAL INFORMATION**

**OPPORTUNITY RESOURCES, INC.**  
**SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT**  
**For the Years Ended June 30, 2018 and 2017**

<b><u>2018</u></b>							
	<u>Woodshop</u>	<u>Janitorial</u>	<u>Production Center</u>	<u>EZ Brothers</u>	<u>E-Cycle</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>-</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>\$ -</u>	<u>\$ 34,665</u>	<u>\$ 52,075</u>
Percentage	0.0%	22.5%	-55.2%	38.6%	0.0%	14.3%	3.8%
<b><u>2017</u></b>							
	<u>Woodshop</u>	<u>Janitorial</u>	<u>Production Center</u>	<u>EZ Brothers</u>	<u>E-Cycle</u>	<u>Misc</u>	<u>Total</u>
Revenue	\$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>
Contribution Margin	<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>
Percentage	-4.3%	24.3%	-54.6%	33.4%	0.0%	33.4%	-1.3%

See Independent Auditor's Report

## **SINGLE AUDIT SECTION**

**OPPORTUNITY RESOURCES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2018**

	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>Subrecipients</u>
U.S. Department of Housing and Urban Development				
CDBG Entitlement Grants Cluster				
Passed through the Montana Department of Transportation				
Community Development Block Grants/Entitlement Grants	N/A	14.218	\$ 68,400	\$ -
Total U.S. Department of Housing and Urban Development / CDBG Entitlement Grants Cluster			\$ 68,400	\$ -
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	\$ 137,368	\$ -
Supported Employment Services - RSD				
Transitional Employment (VI-C) - Supported Employment				
Services for Individuals with Significant Disabilities	N/A	84.187A	77,731	-
Total U.S. Department of Education			\$ 215,099	\$ -
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)	17-145-0200	93.667	\$ 2,080	\$ -
Medicaid Cluster				
Medical Assistance Program - Medicaid Waiver (Title XIX)	17-145-0200	93.778	1,711,286	-
Total Medicaid Cluster			\$1,711,286	\$ -
Total U.S. Department of Health and Human Services			\$1,713,366	\$ -
Total Federal Expenditures			\$1,996,865	\$ -

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, 2018**

**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, 2018. 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 2018. 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, 2018, 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 February 7, 2019.

**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  
February 7, 2019



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, 2018. 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, 2018.

### **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  
February 7, 2019

**OPPORTUNITY RESOURCES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2018**

**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.

**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, 2017 contained no findings.