



OPPORTUNITY RESOURCES, INC.

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

For the Years Ended
June 30, 2021 and 2020

OPPORTUNITY RESOURCES, INC.
Missoula, Montana

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Peterson CPA Group, P.C.

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, 2021 and 2020 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, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenditures by department on page 28 is presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, 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 March 22, 2022, 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
March 22, 2022

FINANCIAL STATEMENTS

OPPORTUNITY RESOURCES, INC.
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,097,571	\$ 3,178,234
Accounts Receivable, net	1,162,238	1,563,365
Inventory	183,376	178,537
Prepaid Expenses	130,298	35,601
TOTAL CURRENT ASSETS	<u>5,573,483</u>	<u>4,955,737</u>
INVESTMENTS	<u>1,152,031</u>	<u>888,587</u>
LAND, BUILDINGS, AND EQUIPMENT, net	<u>4,311,490</u>	<u>4,475,733</u>
RESTRICTED CASH - Deposits	<u>94,105</u>	<u>46,562</u>
OTHER ASSETS		
Funds Held-in-Trust	428,476	328,210
Beneficial Interest in Endowment	<u>123,627</u>	<u>96,577</u>
TOTAL OTHER ASSETS	<u>552,103</u>	<u>424,787</u>
TOTAL ASSETS	<u>\$ 11,683,212</u>	<u>\$ 10,791,406</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 101,436	\$ 68,500
Payroll Taxes Payable	67,840	89,555
Wages Payable	169,113	189,120
Accrued Vacation and Sick Pay	407,562	407,775
Unearned Income	32,505	46,237
Other Payables	3,137	4,865
Current Portion of Long-Term Debt	<u>173,369</u>	<u>205,539</u>
TOTAL CURRENT LIABILITIES	<u>954,962</u>	<u>1,011,591</u>
LONG-TERM DEBT, Net of Current Portion	<u>229,549</u>	<u>402,925</u>
OTHER LIABILITIES		
Refundable Advance	1,995,660	1,978,442
Funds Held-in-Trust	<u>428,476</u>	<u>328,210</u>
TOTAL OTHER LIABILITIES	<u>2,424,136</u>	<u>2,306,652</u>
TOTAL LIABILITIES	<u>3,608,647</u>	<u>3,721,168</u>
NET ASSETS		
Without Donor Restriction	7,625,113	6,634,358
With Donor Restriction	<u>449,452</u>	<u>435,880</u>
TOTAL NET ASSETS	<u>8,074,565</u>	<u>7,070,238</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,683,212</u>	<u>\$ 10,791,406</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, 2021

	<u>Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Program Services			
Contracts	\$ 10,542,997	\$ -	\$ 10,542,997
Grants	395,953	-	395,953
Contributions	205,941	-	205,941
Sales	1,430,532	-	1,430,532
Investment	292,954	-	292,954
Gain on Disposal of Assets	7,745	-	7,745
Miscellaneous	505,818	-	505,818
TOTAL REVENUE AND SUPPORT	13,381,940	-	13,381,940
Net Assets Released from Restriction	(13,572)	13,572	-
	<u>\$ 13,368,368</u>	<u>\$ 13,572</u>	<u>\$ 13,381,940</u>
EXPENSES			
Program Services			
Work Services	\$ 1,443,994	\$ -	\$ 1,443,994
Transportation	352,752	-	352,752
Community Homes	1,743,933	-	1,743,933
MDC Transitional Supports	357,196	-	357,196
Case Management	13,959	-	13,959
DD Supported Living	3,052,360	-	3,052,360
DD Room and Board	157,469	-	157,469
Supporting Living Sites	204,479	-	204,479
DPHHS Counseling	30,773	-	30,773
Medicaid Waiver Services	2,467,415	-	2,467,415
Medicaid Waiver Room and Board	168,530	-	168,530
RSD Set Aside	76,287	-	76,287
Extended Employment	366,606	-	366,606
Supported Employment	49,151	-	49,151
Client Private Pay	33,338	-	33,338
Other Grants	363,977	-	363,977
Sales	1,320,567	-	1,320,567
Total Program Services	12,202,786	-	12,202,786
Supporting Services			
Administration	52,700	-	52,700
Fundraising	122,127	-	122,127
Total Supporting Services	174,827	-	174,827
TOTAL EXPENSES	12,377,613	-	12,377,613
Change in Net Assets	990,755	13,572	1,004,327
NET ASSETS			
Beginning of Year	6,634,358	435,880	7,070,238
End of Year	<u>\$ 7,625,113</u>	<u>\$ 449,452</u>	<u>\$ 8,074,565</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, 2020

	Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Program Services			
Contracts	\$ 11,003,039	\$ -	\$ 11,003,039
Grants	-	20,763	20,763
Contributions	161,182	-	161,182
Sales	1,140,006	-	1,140,006
Investment	20,315	-	20,315
Loss on Disposal of Assets	(966)	-	(966)
Miscellaneous	555,925	-	555,925
TOTAL REVENUE AND SUPPORT	12,879,501	20,763	12,900,264
Net Assets Released from Restriction	1,865	(1,865)	-
	<u>\$ 12,881,366</u>	<u>\$ 18,898</u>	<u>\$ 12,900,264</u>
EXPENSES			
Program Services			
Work Services	\$ 1,741,094	\$ -	\$ 1,741,094
Transportation	373,773	-	373,773
Community Homes	1,774,927	-	1,774,927
MDC Transitional Supports	366,215	-	366,215
Case Management	14,919	-	14,919
DD Supported Living	3,405,853	-	3,405,853
DD Room and Board	155,997	-	155,997
Supporting Living Sites	195,386	-	195,386
DPHHS Counseling	33,869	-	33,869
Medicaid Waiver Services	2,796,587	-	2,796,587
Medicaid Waiver Room and Board	169,976	-	169,976
RSD Set Aside	132,708	-	132,708
Extended Employment	398,695	-	398,695
Supported Employment	55,037	-	55,037
Client Private Pay	59,455	-	59,455
Sales	1,295,759	-	1,295,759
Total Program Services	12,970,250	-	12,970,250
Supporting Services			
Administration	1,954	-	1,954
Fundraising	219,469	-	219,469
Total Supporting Services	221,423	-	221,423
TOTAL EXPENSES	13,191,673	-	13,191,673
Change in Net Assets	(310,307)	18,898	(291,409)
NET ASSETS			
Beginning of Year	6,944,665	416,982	7,361,647
End of Year	<u>\$ 6,634,358</u>	<u>\$ 435,880</u>	<u>\$ 7,070,238</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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Program Services				
	Work Services	Transportation	Community Homes	MDC Transitional Supports	Kalispell Rental
REVENUE AND SUPPORT					
Contracts	\$ 1,342,910	\$ 117,016	\$ 2,038,615	\$ 400,521	\$ -
Grants	-	-	-	-	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	-	-	-	-	5,273
Total Revenue and Support	<u>\$ 1,342,910</u>	<u>\$ 117,016</u>	<u>\$ 2,038,615</u>	<u>\$ 400,521</u>	<u>\$ 5,273</u>
EXPENSES					
Personnel	\$ 1,292,062	\$ 195,391	\$ 1,674,090	\$ 330,134	\$ -
Cost of Space	80,634	6,150	20,476	8,861	11,560
Equipment	37,479	1,648	15,581	5,694	-
Transportation	116	138,823	17	7,054	-
Supplies	9,160	7,172	17,281	1,800	-
Postage	1,501	83	800	251	-
Telephone	9,354	262	4,730	1,286	2,000
Promotion	36	2	19	6	-
Staff Travel	131	627	71	8	-
Staff Training	1,105	84	762	252	-
Insurance - D&O	-	-	-	-	-
Professional Fees	6,893	383	3,673	1,154	-
Other	3,769	2,127	6,433	696	399
Client Wages	1,754	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 1,443,994</u>	<u>\$ 352,752</u>	<u>\$ 1,743,933</u>	<u>\$ 357,196</u>	<u>\$ 13,959</u>
Change in Net Assets	<u>\$ (101,084)</u>	<u>\$ (235,736)</u>	<u>\$ 294,682</u>	<u>\$ 43,325</u>	<u>\$ (8,686)</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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Program Services				
	DD Supported Living	DD Room & Board	Supported Living Sites	DPHHS Counseling	Medicaid Waiver Services
REVENUE AND SUPPORT					
Contracts	\$ 3,295,601	\$ -	\$ -	\$ 32,017	\$ 3,046,093
Grants	-	-	-	-	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	-	125,026	131,303	-	-
Total Revenue and Support	<u>\$ 3,295,601</u>	<u>\$ 125,026</u>	<u>\$ 131,303</u>	<u>\$ 32,017</u>	<u>\$ 3,046,093</u>
EXPENSES					
Personnel	\$ 2,688,276	\$ 33,690	\$ 65,568	\$ 25,855	\$ 2,243,557
Cost of Space	53,249	56,460	106,994	957	57,489
Equipment	43,879	8,326	14,330	2,038	32,121
Transportation	437	104	168	2	59,489
Supplies	21,479	50,556	5,256	493	32,672
Postage	2,404	181	360	105	1,663
Telephone	20,827	3,956	8,395	323	9,916
Promotion	57	4	9	2	39
Staff Travel	1,186	-	10	-	494
Staff Training	1,931	97	190	266	1,992
Insurance - D&O	-	-	-	-	-
Professional Fees	11,020	833	1,653	483	7,610
Other	207,615	3,262	1,546	249	20,373
Client Wages	-	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 3,052,360</u>	<u>\$ 157,469</u>	<u>\$ 204,479</u>	<u>\$ 30,773</u>	<u>\$ 2,467,415</u>
Change in Net Assets	<u>\$ 243,241</u>	<u>\$ (32,443)</u>	<u>\$ (73,176)</u>	<u>\$ 1,244</u>	<u>\$ 578,678</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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Program Services				
	Medicaid Waiver Room & Board	RSD Set Aside	Extended Employment	Supported Employment	Client Private Pay
REVENUE AND SUPPORT					
Contracts	\$ -	\$ 54,840	\$ 197,439	\$ 17,945	\$ -
Grants	-	2,072	-	11,660	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	-
Miscellaneous	123,940	509	-	-	16,243
Total Revenue and Support	<u>\$ 123,940</u>	<u>\$ 57,421</u>	<u>\$ 197,439</u>	<u>\$ 29,605</u>	<u>\$ 16,243</u>
EXPENSES					
Personnel	\$ 42,007	\$ 61,383	\$ 317,432	\$ 42,313	\$ 25,380
Cost of Space	57,826	1,723	11,391	1,255	2,104
Equipment	9,362	4,260	8,559	1,469	1,405
Transportation	158	4,141	20,627	2,073	3,063
Supplies	52,476	1,018	2,086	413	372
Postage	91	210	404	84	74
Telephone	4,009	594	2,495	271	289
Promotion	2	5	10	2	2
Staff Travel	-	3	18	3	51
Staff Training	51	1,411	562	630	52
Insurance - D&O	-	-	-	-	-
Professional Fees	417	965	1,855	388	342
Other	2,131	574	1,167	250	204
Client Wages	-	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 168,530</u>	<u>\$ 76,287</u>	<u>\$ 366,606</u>	<u>\$ 49,151</u>	<u>\$ 33,338</u>
Change in Net Assets	<u>\$ (44,590)</u>	<u>\$ (18,866)</u>	<u>\$ (169,167)</u>	<u>\$ (19,546)</u>	<u>\$ (17,095)</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, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Program Services			Supporting Services	Totals	
	Other Grants	Sales	Total Program Services	Administration and Fundraising	2021	2020
REVENUE AND SUPPORT						
Contracts	\$ -	\$ -	\$ 10,542,997	\$ -	\$ 10,542,997	\$ 11,003,039
Grants	382,221	-	395,953	-	395,953	20,763
Contributions	-	650	650	205,291	205,941	161,182
Sales	-	1,430,532	1,430,532	-	1,430,532	1,140,006
Investment	-	-	-	292,954	292,954	20,315
Gain on Disposal of Assets	-	-	-	7,745	7,745	(966)
Miscellaneous	3	23,881	426,178	79,640	505,818	555,925
Total Revenue and Support	<u>\$ 382,224</u>	<u>\$ 1,455,063</u>	<u>\$ 12,796,310</u>	<u>\$ 585,630</u>	<u>\$ 13,381,940</u>	<u>\$ 12,900,264</u>
EXPENSES						
Personnel	\$ 352,221	\$ 95,348	\$ 9,484,707	\$ 67,428	\$ 9,552,135	\$ 10,337,980
Cost of Space	-	36,511	513,640	2,553	516,193	530,803
Equipment	10,756	18,785	215,692	23,204	238,896	231,543
Transportation	-	10,814	247,086	11	247,097	273,380
Supplies	1,000	13,192	216,426	10,622	227,048	259,633
Postage	-	273	8,484	1,658	10,142	8,829
Telephone	-	2,369	71,076	2,128	73,204	68,886
Promotion	-	6	201	14,793	14,994	12,607
Staff Travel	-	51	2,653	-	2,653	11,547
Staff Training	-	140	9,525	287	9,812	9,914
Insurance - D&O	-	-	-	-	-	4,610
Professional Fees	-	1,253	38,922	2,304	41,226	49,408
Other	-	1,151	251,946	49,839	301,785	332,162
Client Wages	-	518,666	520,420	-	520,420	617,094
Production Payroll Taxes	-	58,481	58,481	-	58,481	65,316
Production Material	-	472,219	472,219	-	472,219	328,204
Other Costs of Sales	-	91,308	91,308	-	91,308	49,759
TOTAL EXPENSES	<u>\$ 363,977</u>	<u>\$ 1,320,567</u>	<u>\$ 12,202,786</u>	<u>\$ 174,827</u>	<u>\$ 12,377,613</u>	<u>\$ 13,191,673</u>
Change in Net Assets	<u>\$ 18,247</u>	<u>\$ 134,496</u>	<u>\$ 593,524</u>	<u>\$ 410,803</u>	<u>\$ 1,004,327</u>	<u>\$ (291,409)</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, 2020

	Program Services				
	Work Services	Transportation	Community Homes	MDC Transitional Supports	Kalispell Rental
REVENUE AND SUPPORT					
Contracts	\$ 1,647,177	\$ 147,897	\$ 2,078,393	\$ 420,569	\$ -
Grants	-	-	-	-	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Loss on Disposal of Assets	-	-	-	-	-
Miscellaneous	-	-	-	-	6,244
Total Revenue and Support	<u>\$ 1,647,177</u>	<u>\$ 147,897</u>	<u>\$ 2,078,393</u>	<u>\$ 420,569</u>	<u>\$ 6,244</u>
EXPENSES					
Personnel	\$ 1,574,822	\$ 210,023	\$ 1,708,172	\$ 337,713	\$ -
Cost of Space	84,824	7,212	22,108	8,809	12,074
Equipment	39,602	2,015	17,804	6,099	97
Transportation	618	145,361	186	7,323	-
Supplies	14,256	4,213	12,854	2,165	188
Postage	1,259	79	695	216	-
Telephone	8,735	295	4,455	1,080	2,168
Promotion	-	-	-	-	-
Staff Travel	554	96	642	154	-
Staff Training	1,212	99	832	292	-
Insurance - D&O	763	49	425	132	-
Professional Fees	6,940	400	3,737	1,170	-
Other	5,426	3,931	3,015	1,062	392
Client Wages	2,083	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 1,741,094</u>	<u>\$ 373,773</u>	<u>\$ 1,774,927</u>	<u>\$ 366,215</u>	<u>\$ 14,919</u>
Change in Net Assets	<u>\$ (93,917)</u>	<u>\$ (225,876)</u>	<u>\$ 303,466</u>	<u>\$ 54,354</u>	<u>\$ (8,675)</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, 2020

	Program Services				
	DD Supported Living	DD Room & Board	Supported Living Sites	DPHHS Counseling	Medicaid Waiver Services
REVENUE AND SUPPORT					
Contracts	\$ 3,542,518	\$ -	\$ -	\$ 41,411	\$ 2,809,411
Grants	-	-	-	-	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Loss on Disposal of Assets	-	-	-	-	-
Miscellaneous	-	121,046	133,379	-	-
Total Revenue and Support	<u>\$ 3,542,518</u>	<u>\$ 121,046</u>	<u>\$ 133,379</u>	<u>\$ 41,411</u>	<u>\$ 2,809,411</u>
EXPENSES					
Personnel	\$ 2,993,649	\$ 34,306	\$ 55,754	\$ 25,714	\$ 2,569,622
Cost of Space	60,360	55,216	106,966	1,234	55,310
Equipment	46,498	7,490	13,601	2,146	33,400
Transportation	710	1,241	2,117	27	72,315
Supplies	23,807	49,541	4,756	652	15,911
Postage	2,001	158	305	90	1,392
Telephone	21,614	3,605	7,393	279	8,413
Promotion	-	-	-	-	-
Staff Travel	5,661	126	159	26	3,159
Staff Training	2,020	142	257	381	2,140
Insurance - D&O	1,210	97	185	55	843
Professional Fees	11,075	848	1,669	489	7,663
Other	237,249	3,229	2,223	2,776	26,420
Client Wages	-	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 3,405,853</u>	<u>\$ 155,997</u>	<u>\$ 195,386</u>	<u>\$ 33,869</u>	<u>\$ 2,796,587</u>
Change in Net Assets	<u>\$ 136,665</u>	<u>\$ (34,951)</u>	<u>\$ (62,007)</u>	<u>\$ 7,542</u>	<u>\$ 12,824</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, 2020

	Program Services				
	Medicaid Waiver Room & Board	RSD Set Aside	Extended Employment	Supported Employment	Client Private Pay
REVENUE AND SUPPORT					
Contracts	\$ -	\$ 53,387	\$ 215,645	\$ 46,631	\$ -
Grants	-	2,013	-	1,750	-
Contributions	-	-	-	-	-
Sales	-	-	-	-	-
Investment	-	-	-	-	-
Loss on Disposal of Assets	-	-	-	-	-
Miscellaneous	128,549	7,112	-	-	26,574
Total Revenue and Support	<u>\$ 128,549</u>	<u>\$ 62,512</u>	<u>\$ 215,645</u>	<u>\$ 48,381</u>	<u>\$ 26,574</u>
EXPENSES					
Personnel	\$ 39,688	\$ 115,256	\$ 352,358	\$ 43,924	\$ 50,212
Cost of Space	54,081	3,418	11,499	1,637	3,660
Equipment	7,566	4,303	8,585	1,577	1,539
Transportation	1,376	4,434	15,879	5,638	1,721
Supplies	62,264	1,876	2,957	740	712
Postage	81	174	335	74	63
Telephone	2,898	624	2,847	228	439
Promotion	-	-	-	-	-
Staff Travel	112	55	112	19	90
Staff Training	77	575	295	186	59
Insurance - D&O	50	105	202	45	38
Professional Fees	427	968	1,861	395	345
Other	1,356	919	1,765	573	578
Client Wages	-	-	-	-	-
Production Payroll Taxes	-	-	-	-	-
Production Material	-	-	-	-	-
Other Costs of Sales	-	-	-	-	-
TOTAL EXPENSES	<u>\$ 169,976</u>	<u>\$ 132,708</u>	<u>\$ 398,695</u>	<u>\$ 55,037</u>	<u>\$ 59,455</u>
Change in Net Assets	<u>\$ (41,427)</u>	<u>\$ (70,196)</u>	<u>\$ (183,050)</u>	<u>\$ (6,656)</u>	<u>\$ (32,881)</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, 2020

	Program Services		Supporting Services	Total
	Total Program Services		Administration and Fundraising	
	Sales	Services		2020
REVENUE AND SUPPORT				
Contracts	\$ -	\$ 11,003,039	\$ -	\$ 11,003,039
Grants	17,000	20,763	-	20,763
Contributions	1,800	1,800	159,382	161,182
Sales	1,140,006	1,140,006	-	1,140,006
Investment	-	-	20,315	20,315
Loss on Disposal of Assets	-	-	(966)	(966)
Miscellaneous	58,483	481,387	74,538	555,925
Total Revenue and Support	<u>\$ 1,217,289</u>	<u>\$ 12,646,995</u>	<u>\$ 253,269</u>	<u>\$ 12,900,264</u>
EXPENSES				
Personnel	\$ 96,184	\$ 10,207,396	\$ 130,584	\$ 10,337,980
Cost of Space	39,635	528,045	2,758	530,803
Equipment	22,517	214,839	16,704	231,543
Transportation	14,305	273,253	127	273,380
Supplies	49,164	246,056	13,577	259,633
Postage	240	7,162	1,668	8,829
Telephone	1,848	66,918	1,968	68,886
Promotion	40	40	12,567	12,607
Staff Travel	386	11,352	195	11,547
Staff Training	224	8,789	1,125	9,914
Insurance - D&O	145	4,344	266	4,610
Professional Fees	9,076	47,065	2,343	49,408
Other	3,705	294,621	37,542	332,162
Client Wages	615,012	617,094	-	617,094
Production Payroll Taxes	65,316	65,316	-	65,316
Production Material	328,204	328,204	-	328,204
Other Costs of Sales	49,759	49,759	-	49,759
TOTAL EXPENSES	<u>\$ 1,295,759</u>	<u>\$ 12,970,250</u>	<u>\$ 221,423</u>	<u>\$ 13,191,673</u>
Change in Net Assets	<u>\$ (78,470)</u>	<u>\$ (323,255)</u>	<u>\$ 31,846</u>	<u>\$ (291,409)</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,004,327	\$ (291,409)
Adjustments to Reconcile the Change In Net Assets to Net Cash Flows From Operating Activities		
Depreciation	279,865	292,123
(Gain) or Loss on Disposal of Assets	(7,745)	966
Net Gain on Investments	(418,110)	(20,684)
Changes in Current Assets and Liabilities:		
Accounts Receivable	401,127	(325,859)
Inventory	(4,839)	81,786
Prepaid Expenses	(94,697)	110,108
Accounts Payable	32,936	(47,909)
Accrued and Other Liabilities	(57,395)	42,068
Total Adjustments	<u>131,142</u>	<u>132,599</u>
Net Cash Flows from Operating Activities	<u>1,135,469</u>	<u>(158,810)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Buildings or Equipment	-	17,693
Purchases of Buildings or Equipment	(107,877)	(88,452)
Withdrawals (contributions) to the Agency Endowment Fund	(27,050)	1,357
Proceeds from Sale of Investments	170,628	-
Purchases of Investments	(15,962)	-
Net Cash Flows from Investing Activities	<u>19,739</u>	<u>(69,402)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash Received from Issuance of Debt	-	1,978,442
Cash Paid for Debt Repayment	(188,328)	(210,525)
Net Cash Flows from Financing Activities	<u>(188,328)</u>	<u>1,767,917</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	966,880	1,539,705
Cash, Cash Equivalents, and Restricted Cash		
Beginning of Year	<u>3,224,796</u>	<u>1,685,091</u>
End of Year	<u>\$ 4,191,676</u>	<u>\$ 3,224,796</u>
Presented on the Statement of Financial Position as:		
Cash and Cash Equivalents	\$ 4,097,571	\$ 3,178,234
Other Assets - Deposits (Restricted Cash)	94,105	46,562
	<u>\$ 4,191,676</u>	<u>\$ 3,224,796</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 35,582</u>	<u>\$ 30,662</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, 2021 and 2020

NOTE 1. ORGANIZATION AND PURPOSE

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

B. Cash and Cash Equivalents

For purposes of the statements 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, 2021 and 2020, approximately \$3,678,000 and \$2,848,000 respectively, were not fully insured by the FDIC. The Organization does not believe it is exposed to any significant credit risk on its cash balances as it has not experienced any losses.

C. Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consist of amounts due under state contracts and from customers in the normal course of income-producing activities. Accounts receivable are stated at unpaid balances. Interest is not charged. At June 30, 2021 and 2020, management determined an allowance was not necessary based on a review of historical losses, specific accounts receivable balances, industry and economic conditions, and substantially all receivables classified as current. Management reviews accounts receivable periodically and writes off any receivable determined to be uncollectible. 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.

There were no receivables considered financing receivables past due at June 30, 2021 or 2020.

OPPORTUNITY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Inventory

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

E. 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 of \$1,500 or more 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

F. 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.

G. Funding and Net Asset Classification

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

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

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

OPPORTUNITY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Funding and Net Asset Classification – (continued)

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. The resource provider generally receives commensurate value, as a result, these funding agreements are classified as exchange transactions, and are reported as revenue without donor restrictions. Certain contracts with DPHHS are considered subrecipient arrangements and include certain federal funding agencies.

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

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

H. Revenue Recognition

Contribution and grant revenue are recognized following guidance of Topic 958. Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purpose restriction is accomplished) in the same reporting period in which the revenue is recognized.

The Organization implemented Topic 606 using the modified retrospective approach, which applies the new accounting standard to contracts that were not complete as of the date of adoption. Revenue is recognized when evidence of a contract exists, the performance obligations have been identified and satisfied, the transaction price is determinable, and collection is reasonably assured.

The timing of revenue recognition, billings, and collections results in billed receivables on the statements of financial position. The balances of receivables for fiscal years ended June 30, 2021, 2020, and 2019 are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Accounts receivable, net	\$ 1,162,238	\$ 1,563,365	\$ 1,237,506

OPPORTUNITY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Revenue Recognition – (continued)

There were no significant economic factors specifically impacting revenue recognition in fiscal years 2021 or 2020.

The Organization's revenue was impacted in fiscal years 2021 and 2020 by the world-wide coronavirus and related economic conditions and legislation.

The Organization's revenue streams, timing of revenue recognition, and amount recognized in fiscal years 2021 and 2020 are as follows:

Revenue Stream	Accounting Standard	Recognized	2021 Amount	2020 Amount
Contracts	ASC 606	Over time	\$10,542,997	\$11,003,039
Sales	ASC 606	Over time	\$ 1,430,532	\$ 1,140,006
Supported Living - Miscellaneous	ASC 606	Over time	\$ 505,818	\$ 555,925
Contributions and Grants	ASC 958	Point in time	\$ 601,894	\$ 181,945
Investment and Other	ASC 606	Over time	\$ 300,699	\$ 19,349

I. Expense Allocations

Administrative expenses are allocated to the sales and program services departments according to the portion of cost benefiting each department, hours worked, and square footage of the buildings.

The Organization direct charges expenses whenever possible. Other expenses are allocated to programs based primarily on employee hours. Other costs, such as insurance, depreciation, and related costs are allocated based on square footage.

J. Advertising and Promotion Costs

The Organization expenses the cost of advertising and promotion as incurred. Advertising and promotion expenses totaled \$14,994 and \$12,607 in 2021 and 2020, respectively.

K. Estimates

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

L. Risks and Uncertainties

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

OPPORTUNITY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Recent Accounting Pronouncements

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 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 FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities* on June 3, 2020. This ASU defers the effective date of Topic 606 and Topic 842 for certain entities that had not yet issued their financial statements to support and assist stakeholders as they cope with the challenges and hardships related to the COVID-19 pandemic. The Organization implemented Topic 606 in 2019 and has elected to defer Topic 842 for annual reporting periods beginning after December 15, 2021 while evaluating the impact of Topic 842 on its financial statements.

O. Subsequent Events

Management has evaluated subsequent events through March 22, 2022, the date which the financial statements were available for issue.

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2021	2020
Cash and Cash Equivalents	\$ 4,097,571	\$ 3,178,234
Accounts Receivable, net	1,162,238	1,563,365
Investments	1,152,031	888,587
	<u>\$ 6,411,840</u>	<u>\$ 5,630,186</u>

OPPORTUNITY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

The Organization has not adopted a liquidity management plan. The Organization has various sources of liquidity at its disposal, including cash in bank accounts, receivables, and certain investments. The Organization also has a \$250,000 line of credit with a local financial institution (see Note 10).

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable were comprised of the following at June 30:

	<u>2021</u>	<u>2020</u>
Sales	\$ 232,167	\$ 147,967
Contracts	849,308	1,275,543
Other	<u>80,763</u>	<u>139,855</u>
	<u>\$ 1,162,238</u>	<u>\$ 1,563,365</u>

Management reviews accounts receivable periodically and writes off any receivable determined to be uncollectible. Write offs totaled \$9,885 and \$4,471 for 2021 and 2020, respectively.

NOTE 5. INVENTORY

Inventory was comprised of the following at June 30:

	<u>2021</u>	<u>2020</u>
Raw Materials	\$ 119,401	\$ 107,201
Finished Goods	<u>63,975</u>	<u>71,336</u>
	<u>\$ 183,376</u>	<u>\$ 178,537</u>

NOTE 6. INVESTMENTS

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

OPPORTUNITY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 6. INVESTMENTS (continued)

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.

The Beneficial Interests in Agency Endowment (Level 3) is valued at fair value using information provided by the Montana Community Foundation year-end statements.

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

Cash, money market accounts, and other cash equivalents are valued at their carrying amount, which approximates fair value. Marketable equity securities are stated at fair value based on quoted market prices in active markets.

Mutual funds are valued at the net asset value (NAV). The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares held by the fund outstanding at year end. The NAV is quoted in an active market. The Organization reports mutual funds under Level 1.

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 measured on a recurring basis at June 30, 2021 and 2020 are as follows:

	2021			2020		
	Cost	Unrealized Gain (Loss)	Fair Value	Cost	Unrealized Gain (Loss)	Fair Value
Money Market	\$ 4,854	\$ -	\$ 4,854	\$ 4,854	\$ -	\$ 4,854
<u>Level 1:</u>						
Mutual Funds:						
Income	55,544	457	56,001	52,991	2,624	55,615
Income and Growth	673,523	417,653	1,091,176	638,537	189,581	828,118
Total Mutual Funds	729,067	418,110	1,147,177	691,528	192,205	883,733
	<u>\$ 733,921</u>	<u>\$ 418,110</u>	<u>\$1,152,031</u>	<u>\$ 696,382</u>	<u>\$ 192,205</u>	<u>\$ 888,587</u>

OPPORTUNITY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 6. INVESTMENTS (continued)

The following table presents the Organization's financial assets measured at fair value on a recurring basis within the fair value hierarchy as of June 30, 2021 and 2020:

<u>June 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 1,147,177	\$ -	\$ -	\$ 1,147,177
Beneficial Interest in Endowment	-	-	123,627	123,627
Total	<u>\$ 1,147,177</u>	<u>\$ -</u>	<u>\$ 123,627</u>	<u>\$ 1,270,804</u>
 <u>June 30, 2020</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
Mutual Funds	\$ 883,733	\$ -	\$ -	\$ 883,733
Beneficial Interest in Endowment	-	-	96,577	96,577
Total	<u>\$ 883,733</u>	<u>\$ -</u>	<u>\$ 96,577</u>	<u>\$ 980,310</u>

A reconciliation of beginning and ending fair values for investments measured using Level 3 inputs (Beneficial Interest in Agency Endowment) is shown below. There were no transfers to or from Level 3 for the years ended June 30, 2021 or 2020.

	<u>2021</u>	<u>2020</u>
Fair Value, Beginning of Year	\$ 96,577	\$ 97,934
Realized and Unrealized Gains	28,319	2,047
Transfers & Fees	<u>(1,269)</u>	<u>(3,404)</u>
Fair Value, End of Year	<u>\$ 123,627</u>	<u>\$ 96,577</u>

NOTE 7. BENEFICIAL INTEREST IN ENDOWMENT

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.

OPPORTUNITY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 8. 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 2026. Rent expense totaled \$9,885 and \$9,747 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments required are as follows:

<u>June 30,</u>	
2022	\$ 5,278
2023	2,702
2024	2,702
2025	2,702
Thereafter	<u>1,126</u>
	<u>\$ 14,510</u>

NOTE 9. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment at June 30, 2021 and 2020 were as follows:

	<u>2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>2020</u>
Land	\$ 1,455,265	\$ -	\$ -	\$ 1,455,265
Construction in Progress	-	9,550	-	9,550
Building and Improvements	5,813,227	29,149	(1,773)	5,840,603
Equipment, Furniture, and Fixtures	<u>2,490,345</u>	<u>49,753</u>	<u>(105,185)</u>	<u>2,434,913</u>
	9,758,837	88,452	(106,958)	9,740,331
Accumulated Depreciation	<u>(5,060,774)</u>	<u>(292,123)</u>	<u>88,299</u>	<u>(5,264,598)</u>
Land, Buildings, and Equipment, net	<u>\$ 4,698,063</u>	<u>\$ (203,671)</u>	<u>\$ (18,659)</u>	<u>\$ 4,475,733</u>

	<u>2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>2021</u>
Land	\$ 1,455,265	\$ -	\$ -	\$ 1,455,265
Construction in Progress	9,550	-	(9,550)	-
Building and Improvements	5,840,603	37,400	(598)	5,877,405
Equipment, Furniture, and Fixtures	<u>2,434,913</u>	<u>85,967</u>	<u>(62,272)</u>	<u>2,458,608</u>
	9,740,331	123,367	(72,420)	9,791,278
Accumulated Depreciation	<u>(5,264,598)</u>	<u>(279,865)</u>	<u>64,675</u>	<u>(5,479,788)</u>
Land, Buildings, and Equipment, net	<u>\$ 4,475,733</u>	<u>\$ (156,498)</u>	<u>\$ (7,745)</u>	<u>\$ 4,311,490</u>

OPPORTUNITY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 9. LAND, BUILDINGS, AND EQUIPMENT (continued)

Land, buildings, and equipment include assets restricted by donor for educational purposes and to support the Organization's mission into perpetuity. The value of the restricted assets is approximately \$312,000. These assets are classified as net assets with donor restrictions.

Depreciation expense for all land, buildings, and equipment for the years ended June 30, 2021 and 2020 totaled \$279,865 and \$292,123, respectively.

NOTE 10. LINE OF CREDIT

The Organization maintains an unsecured operating line of credit with a local financial institution with a credit limit of \$250,000 which matured February 28, 2021. This line of credit was subsequently renewed under the same terms and conditions maturing February 28, 2022. The interest rate at June 30, 2021 and 2020 was 4.00% and 4.25%, respectively. There was no outstanding balance at June 30, 2021 or 2020.

NOTE 11. NOTES PAYABLE

Long-term notes payable consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Mortgage payable to Streeter Brothers Mortgage Co., repayable in monthly payments of \$644, including interest at 2.75%; maturing June 2031; secured by real property.	\$ 67,455	\$ 73,243
Note payable to Clearwater Credit Union, repayable in monthly payments of \$4,344, including interest at 3.79%; maturing March 2021; secured by real property.	-	38,487
Note payable to Clearwater Credit Union, repayable in monthly payments of \$12,833, including interest at 3.63%; maturing June 2023; secured by real property.	296,632	437,100
Note payable to Clearwater Credit Union, repayable in monthly payments of \$1,930, including interest at 4.70%; maturing March 2023; secured by real property.	<u>38,831</u>	<u>59,634</u>
Total Long-Term Debt	\$ 402,918	\$ 608,464
Less Current Portion	<u>173,369</u>	<u>205,539</u>
Long-Term Debt	<u>\$ 229,549</u>	<u>\$ 402,925</u>

OPPORTUNITY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 11. NOTES PAYABLE (continued)

Future minimum payments for notes payable are as follows:

<u>June 30,</u>	
2022	\$ 173,369
2023	174,145
2024	6,278
2025	6,453
2026	6,633
Thereafter	<u>36,040</u>
	<u>\$ 402,918</u>

Interest expense totaled \$35,582 and \$30,662 for the years ended June 30, 2021 and 2020, respectively.

NOTE 12. OTHER LIABILITIES

Other liabilities consist of funds held-in-trust and refundable advances. Funds held-in-trust are client funds held and managed for their benefit.

The Refundable Advance is comprised of a loan under the Paycheck Protection Program. The Organization has elected to account for this loan following guidance of FASB ASC 958-605. The advance is uncollateralized and fully guaranteed by the Federal government. The Organization is eligible for forgiveness of up to 100% of the loan principle and accrued interest upon meeting certain requirements.

The Organization applied for forgiveness of the loan subsequent to year end and received forgiveness of all but \$50,000 of the loan, which has subsequently been repaid.

NOTE 13. DEFINED CONTRIBUTION PLAN

The Organization offers an IRS section 403(b) qualified defined contribution plan to substantially all employees. Employees are eligible to participate in the plan immediately upon hire and contribute a percentage of their compensation. Participating employees are eligible for the Organization's matching contributions after their first year of employment having worked at least 1,000 hours in the year. The Organization will match 100% of the employees' contributions up to 4.00%. The Organization's benefit plan adoption agreement should be referenced for more detail regarding the Organization's obligations.

All employer and employee contributions are immediately vested. Matching contributions for the years ended June 30, 2021 and 2020 totaled \$71,544 and \$75,271, respectively.

OPPORTUNITY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 14. NET ASSETS

Net assets consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Net Assets Without Donor Restrictions		
Undesignated	\$ 7,625,113	\$ 6,634,358
Total Net Assets Without Donor Restrictions	<u>\$ 7,625,113</u>	<u>\$ 6,634,358</u>
Net Assets With Donor Restrictions		
Subject to expenditure for specified purpose and passage of time:		
Ranch improvements	<u>\$ 13,925</u>	<u>\$ 27,403</u>
Not subject to passage of time:		
Ranch property donor specified use for client education	311,900	311,900
Montana Community Foundation Endowment Fund	<u>123,627</u>	<u>96,577</u>
	<u>435,527</u>	<u>408,477</u>
Total Net Assets With Donor Restrictions	<u>\$ 449,452</u>	<u>\$ 435,880</u>

NOTE 15. 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, 2021 are \$2,461,358 and \$1,451,803, respectively, and are \$2,450,296 and \$1,377,803 at June 30, 2020, 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.

OPPORTUNITY RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 16. FUNDRAISING EXPENSES

Fundraising expenses for the years ended June 30, 2021 and 2020 totaled \$122,127 and \$177,260, respectively. Fundraising expenses represent 1.3% and 1.7% of total expense for the years ended June 30, 2021 and 2020, respectively. Fundraising revenue totaled \$205,291 and \$159,382 for the years ended June 30, 2021 and 2020, respectively.

NOTE 17. CONCENTRATIONS AND OPERATIONS

Amounts due under various contracts and agreements with the State of Montana represented approximately 73% and 82% of total accounts receivable at June 30, 2021 and 2020, respectively.

Revenue from various contracts and agreements with the State of Montana represented approximately 79% and 85% of the Organizations total revenue for the years ended June 30, 2021 and 2020, 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.

Seven vendors represented approximately 64% of total accounts payable at June 30, 2021. Four vendors represented approximately 44% of total accounts payable at June 30, 2020.

NOTE 18. SUBSEQUENT EVENTS AND ECONOMIC CONDITIONS

Subsequent to year end, the United States and global financial markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. The Organization is closely monitoring its investment portfolio, including endowment funds, and its liquidity and is actively working to minimize the impact of these declines. The Organization's financial statements do not include adjustments to fair value that have resulted from these declines.

The Organization's operations have been negatively impacted by the effects of the world-wide coronavirus pandemic subsequent to year-end. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Organization's financial position is unknown and cannot reasonably be estimated.

SUPPLEMENTAL INFORMATION

OPPORTUNITY RESOURCES, INC.
SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>				
	<u>Woodshop</u>	<u>Janitorial</u>	<u>Production Center</u>	<u>Misc</u>	<u>Total</u>
Revenue	\$ 302,183	\$ 588,381	\$ 376,877	\$ 163,091	\$ 1,430,532
Expenditures	<u>344,090</u>	<u>384,764</u>	<u>290,903</u>	<u>120,918</u>	<u>1,140,675</u>
Contribution Margin	<u>\$ (41,907)</u>	<u>\$ 203,617</u>	<u>\$ 85,974</u>	<u>\$ 42,173</u>	<u>\$ 289,857</u>
Percentage	-13.9%	34.6%	22.8%	25.9%	20.3%
	<u>2020</u>				
	<u>Woodshop</u>	<u>Janitorial</u>	<u>Production Center</u>	<u>Misc</u>	<u>Total</u>
Revenue	\$ 222,337	\$ 609,298	\$ 153,489	\$ 175,183	\$ 1,160,307
Expenditures	<u>430,503</u>	<u>425,779</u>	<u>230,346</u>	<u>155,288</u>	<u>1,241,916</u>
Contribution Margin	<u>\$ (208,166)</u>	<u>\$ 183,519</u>	<u>\$ (76,857)</u>	<u>\$ 19,895</u>	<u>\$ (81,609)</u>
Percentage	-93.6%	30.1%	-50.1%	11.4%	-7.0%

See Independent Auditor's Report

SINGLE AUDIT SECTION

OPPORTUNITY RESOURCES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>Passed to Subrecipients</u>
U.S. Department of the Treasury				
Passed through the State of Montana				
CARES, Act - State of Montana Stay Connected Grant (COVID-19)				
Coronavirus Relief Fund	N/A	21.019	\$ 170,000	\$ -
Total U.S. Department of the Treasury			\$ 170,000	\$ -
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	\$ 58,077	\$ -
Supported Employment Services - RSD				
Transitional Employment (VI-C) - Supported Employment				
Services for Individuals with Significant Disabilities	N/A	84.187A	49,151	-
Total U.S. Department of Education			\$ 107,228	\$ -
U.S. Department of Health and Human Services				
Passed through the Montana Department of Public				
Health and Human Services				
Medicaid Cluster				
Medical Assistance Program - Medicaid Waiver (Title XIX)	19-145-0200	93.778	\$1,866,804	\$ -
Total Medicaid Cluster			1,866,804	-
Total U.S. Department of Health and Human Services			\$1,866,804	\$ -
Total Federal Expenditures			\$2,144,032	\$ -

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, 2021

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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Opportunity Resources, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Opportunity Resources, Inc.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. PROGRAM DESCRIPTIONS

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

NOTE 4. INDIRECT COST RATE

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Opportunity Resources, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 March 22, 2022.

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) as a basis for designing 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

March 22, 2022



Peterson CPA Group, P.C.

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, 2021. 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 federal statutes, regulations, and terms and conditions of its federal awards 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, 2021.

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
March 22, 2022

OPPORTUNITY RESOURCES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified not considered
to be material weaknesses? None Reported

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified not considered
to be material weaknesses? None Reported

Type of auditor’s report issued on compliance for major programs Unmodified

Audit findings disclosed that are required to be reported in
Accordance with 2 CFR 500.516(a)? No

Identification of Major Program:

U.S. Department of Health and Human Services
Medical Assistance Program (Medicaid Waiver; Title XIX) 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, 2020 contained no findings.