

**OPPORTUNITY JUNCTION, INC.**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND ADDITIONAL INFORMATION**

**YEAR ENDED JUNE 30, 2018**

**(WITH SUMMARIZED FINANCIAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017)**

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT .....	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position .....	3
Statement of Activities .....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
NOTES TO FINANCIAL STATEMENTS .....	7-13
ADDITIONAL REPORTS .....	14-16



*Patricia A. Wintroath, CPA*

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Opportunity Junction, Inc.  
Antioch, California 94509

I have audited the accompanying financial statements of Opportunity Junction, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opportunity Junction, Inc. as of June 30, 2018, and the

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

### **Other Matters**

#### Report on Summarized Comparative Information

I have previously audited the Opportunity Junction, Inc.'s 2017 financial statements, and my report dated December 14, 2017, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated February 14, 2019, on my consideration of Opportunity Junction, Inc.'s internal control over financial reporting and on my 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 my 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 Junction, Inc.'s internal control over financial reporting and compliance.



Patricia A. Wintroath, CPA  
Certified Public Accountant  
Walnut Creek, CA

February 14, 2019

**OPPORTUNITY JUNCTION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total All Funds 2018</u>	<u>Total All Funds 2017</u>
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$804,136	\$269,444	\$1,073,580	\$618,752
Accounts receivable (Note C)	11,530		11,530	3,495
Contracts & grants receivable (Note C)	206,824	75,000	281,824	259,522
Prepaid expenses	17,879		17,879	14,660
	<u>1,040,369</u>	<u>344,444</u>	<u>1,384,813</u>	<u>896,429</u>
FURNITURE AND EQUIPMENT, net (Note D)	170,467		170,467	15,917
DEPOSITS	18,000		18,000	18,000
	<u>\$1,228,836</u>	<u>\$344,444</u>	<u>\$1,573,280</u>	<u>\$930,346</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$22,429	\$	\$22,429	\$16,816
Accrued payroll	25,042		25,042	24,713
Accrued vacations	54,554		54,554	46,157
Deferred revenue (Note E)	0		0	0
Line of credit payable (Note F)			0	0
	<u>102,025</u>	<u>0</u>	<u>102,025</u>	<u>87,686</u>
<b>COMMITMENTS AND CONTINGENCIES (Note J)</b>				
<b>NET ASSETS</b>				
Unrestricted	726,811		726,811	307,576
Unrestricted - Board Designated Reserve	400,000		400,000	340,000
Temporarily restricted (Note G)		344,444	344,444	195,084
	<u>1,126,811</u>	<u>344,444</u>	<u>1,471,255</u>	<u>842,660</u>
	<u>\$1,228,836</u>	<u>\$344,444</u>	<u>\$1,573,280</u>	<u>\$930,346</u>

**OPPORTUNITY JUNCTION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2018**  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	Unrestricted	Temporarily Restricted	Total All Funds 2018	Total All Funds 2017
<b>OPERATING ACTIVITIES:</b>				
<b>SUPPORT AND REVENUE</b>				
Support:				
Corporations and foundations	\$673,726	\$708,929	\$1,382,655	\$1,031,691
Individuals	172,461		172,461	157,296
Fundraising, Net (Note H )	100,949		100,949	90,680
Total Support	<u>947,136</u>	<u>708,929</u>	<u>1,656,065</u>	<u>1,279,667</u>
Revenue:				
Government contracts	8,000	601,976	609,976	528,268
Project income	2,296		2,296	2,895
Outplacement income	40,970		40,970	37,740
Interest income	3,172		3,172	2,249
Miscellaneous income	5,161		5,161	0
Total Revenue	<u>59,599</u>	<u>601,976</u>	<u>661,575</u>	<u>571,152</u>
Net Assets Released From Restrictions	<u>1,161,545</u>	<u>(1,161,545)</u>	<u>0</u>	<u>0</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,168,280</u>	<u>149,360</u>	<u>2,317,640</u>	<u>1,850,819</u>
<b>EXPENSES</b>				
Program services	1,546,944		1,546,944	1,434,227
Management and general	117,391		117,391	100,945
Fundraising	184,710		184,710	160,264
<b>TOTAL EXPENSES</b>	<u>1,849,045</u>	<u>0</u>	<u>1,849,045</u>	<u>1,695,436</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<u>319,235</u>	<u>149,360</u>	<u>468,595</u>	<u>155,383</u>
<b>NONOPERATING ACTIVITIES:</b>				
OFFICE RENOVATION PROJECT (Note B):				
SUPPORT:				
Corporations and foundations		160,000	160,000	0
Government contracts		97,459	97,459	0
Total Support	<u>0</u>	<u>257,459</u>	<u>257,459.00</u>	<u>0</u>
Net Assets Released From Restrictions	<u>257,459</u>	<u>(257,459)</u>	<u>0</u>	<u>0</u>
<b>TOTAL NONOPERATING SUPPORT AND REVENUE</b>	<u>257,459</u>	<u>0</u>	<u>257,459</u>	<u>0</u>
<b>EXPENSES</b>				
Office renovation	89,455		89,455	0
Kitchen renovation	8,004		8,004	0
<b>TOTAL EXPENSES</b>	<u>97,459</u>	<u>0</u>	<u>97,459</u>	<u>0</u>
<b>CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES</b>	<u>160,000</u>	<u>0</u>	<u>160,000</u>	<u>0</u>
<b>CHANGE IN NET ASSETS</b>	<u>479,235</u>	<u>149,360</u>	<u>628,595</u>	<u>155,383</u>
<b>NET ASSETS, beginning of year</b>	<u>647,576</u>	<u>195,084</u>	<u>842,660</u>	<u>687,277</u>
<b>NET ASSETS, end of year (Note B and G)</b>	<u>\$1,126,811</u>	<u>\$344,444</u>	<u>\$1,471,255</u>	<u>\$842,660</u>

See Notes to Financial Statements

**OPPORTUNITY JUNCTION, INC.**

## STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total All Funds 2018</u>	<u>Total All Funds 2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Change in Net Assets	\$479,235	\$149,360	\$628,595	\$155,383
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:				
Depreciation	<u>21,840</u>		<u>21,840</u>	<u>9,650</u>
	501,075	149,360	650,435	165,033
<b>CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES</b>				
(Increase) decrease in accounts receivable	(8,035)		(8,035)	6,336
(Increase) decrease in contracts receivable	(22,302)	0	(22,302)	(126,369)
(Increase) decrease in prepaid expenses	(3,219)		(3,219)	(753)
(Increase) decrease in deposits	0		0	0
Increase (decrease) in accounts payable	5,613		5,613	10,135
Increase (decrease) in accrued payroll	329		329	24,713
Increase (decrease) in accrued vacations	8,397		8,397	3,680
Increase (decrease) in deferred revenue	<u>0</u>		<u>0</u>	<u>(4,290)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>481,858</u>	<u>149,360</u>	<u>631,218</u>	<u>78,485</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchase of equipment	<u>(176,390)</u>		<u>(176,390)</u>	<u>(1,200)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(176,390)</u>	<u>0</u>	<u>(176,390)</u>	<u>(1,200)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>305,468</u>	<u>149,360</u>	<u>454,828</u>	<u>77,285</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>\$498,668</u>	<u>\$120,084</u>	<u>\$618,752</u>	<u>\$541,467</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$804,136</u></u>	<u><u>\$269,444</u></u>	<u><u>\$1,073,580</u></u>	<u><u>\$618,752</u></u>
<b>SUPPLEMENTAL INFORMATION:</b>				
Interest paid			<u><u>\$0</u></u>	<u><u>\$0</u></u>

See Notes to Financial Statements

**OPPORTUNITY JUNCTION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**  
**(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)**

	JOB PLACEMENT AND TRAINING	TECHNOLOGY CENTER	TAX	ROADMAP TO COLLEGE	BAY POINT CAREER DEVELOPMENT	TOTAL PROGRAM	SUPPORT		TOTAL SUPPORT	2018 TOTAL EXPENSES	2017 TOTAL EXPENSES
							ADMINIS- TRATION	FUND - RAISING			
Salaries	539,938	\$55,304	\$8,143	\$225,393	\$161,041	\$989,819	\$65,757	\$127,602	\$193,359	\$1,183,178	\$1,126,176
Payroll taxes	47,187	4,761	748	19,214	13,666	85,576	4,947	11,063	16,010	101,586	98,767
Employee benefits	62,677	6,094	405	23,508	19,112	111,796	7,117	8,984	16,101	127,897	122,079
<b>TOTAL PERSONNEL</b>	<b>649,802</b>	<b>66,159</b>	<b>9,296</b>	<b>268,115</b>	<b>193,819</b>	<b>1,187,191</b>	<b>77,821</b>	<b>147,649</b>	<b>225,470</b>	<b>1,412,661</b>	<b>1,347,022</b>
Professional fees	17,371	1,182	166	9,793	3,468	31,980	14,959	3,235	18,194	50,174	28,989
Advertising and marketing	2,838	234	10	866	321	4,269	113	2,495	2,608	6,877	5,509
Payroll processing	1,917	181	25	883	530	3,536	268	494	762	4,298	3,480
Participant expenses	51,073	275		48,100	707	100,155			0	100,155	65,204
Staff expenses	6,360	519	166	7,277	2,150	16,472	1,924	2,207	4,131	20,603	16,424
Volunteer appreciation	319	240	4	147	88	798	45	82	127	925	1,172
Evaluation	353	8	11	758	22	1,152	11	21	32	1,184	0
Dues, fees and subscriptions	4,229	353	50	2,148	1,792	8,572	693	1,066	1,759	10,331	9,010
Insurance	2,128	200	28	980	588	3,924	298	549	847	4,771	6,261
Postage	484	41	6	202	121	854	61	610	671	1,525	1,163
Telephone and internet	2,304	217	31	1,060	637	4,249	322	594	916	5,165	4,697
Occupancy	70,888	6,676	939	32,638	19,587	130,728	9,920	18,271	28,191	158,919	174,913
Office expense	8,733	822	116	4,021	2,413	16,105	1,222	2,251	3,473	19,578	14,372
Equipment and equipment repair	10,299	970	136	4,742	2,846	18,993	1,441	2,655	4,096	23,089	3,561
Depreciation	9,742	917	130	4,485	2,692	17,966	1,363	2,511	3,874	21,840	9,650
Miscellaneous						0	6,930	20	6,950	6,950	4,009
<b>TOTAL EXPENSES</b>	<b>\$838,840</b>	<b>\$78,994</b>	<b>\$11,114</b>	<b>\$386,215</b>	<b>\$231,781</b>	<b>\$1,546,944</b>	<b>\$117,391</b>	<b>\$184,710</b>	<b>\$302,101</b>	<b>\$1,849,045</b>	<b>\$1,695,436</b>

See Notes to Financial Statements



**OPPORTUNITY JUNCTION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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NOTE A - ORGANIZATION

General - Opportunity Junction, Inc. (the Organization), formerly known as Opportunities for Technology Information Careers, Inc., is a non-profit corporation incorporated under the laws of California in 1999. The Organization's purpose is to provide CalWORKs participants and other unemployed and underemployed Contra Costa residents with the skills, support and experience to become self-sufficient and succeed.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Reporting - The Organization maintains its accounting records on the accrual basis of accounting.

Use of Estimates - In preparing financial statements in conformity with Generally Accepted Accounting Principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities as of the date of the financial statements; and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications - Certain reclassifications have been made in the 2017 comparative totals to conform to the classifications used in 2018.

Cash and Cash Equivalents - The Organization's cash and cash equivalents balance consists of amounts held in checking and savings accounts in several large financial institutions.

Prepaid expenses – Prepaid expenses are amortized over the period of future benefit.

Furniture and Equipment - Furniture and equipment are stated at cost. Expenditures for furniture and equipment, with a cost or basis of \$500 or greater, are capitalized and depreciated over three to ten years using the straight-line method. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any gain or loss arising from such disposition is included as income or expense. Expenditures for repairs and maintenance are charged to expense as incurred.

Fair Value Measurements – Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair

**OPPORTUNITY JUNCTION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability. Unobservable inputs reflect the Organization's own assumptions about the assumption market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the Organization's own data.

Donated Materials and Services - Donated materials are recorded at their fair value at the date of donation. Donated services by individuals providing administration services are not recorded as donated services as there are no special skills required for these services.

Functional Allocation of Expenses - Costs of providing the programs, administrative duties and fundraising activities have been summarized on a functional basis in the accompanying statement of functional expenses. Certain indirect costs have been allocated directly to programs and administration based upon ratios determined by management. These costs primarily include salaries, fringe benefits, occupancy and other expenses.

Income Taxes - The Organization is a Section 501(c)(3) organization exempt from income taxes under Section 501(a) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. There was no taxable unrelated business income during 2018.

Contributions and Grant Revenue - The Organization receives contributions and grants from corporations, foundations, charitable organizations and individuals. The Organization has adopted the provisions of Accounting Standards Codification FASB ASC 958-605 and FASB ASC-958-210-45.

**OPPORTUNITY JUNCTION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The provisions of FASB ASC 958-605-25 require the Organization to recognize contributions and grants as either temporarily or permanently restricted support, if they are received with donor stipulations that limit the use of the contribution or grant. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

All other contributions are recognized upon receipt. Amounts received but not yet earned are reported as advances.

Nonoperating Support and Expenses – During the fiscal year ended June 30, 2018, the Organization engaged in a project to update technology and increase functional capacity in their current primary location, in tandem with the renewal of their lease. This activity is reported under Nonoperating Activities on the Statement of Activities. The Organization received funding from the Leshner Foundation, their landlord, and Contra Costa County, for this project. The portion of the project that was paid through non-government funding was capitalized and will be amortized over the remaining life of the lease.

Financial Statement Presentation – Under Accounting Standards Codification (FASB ASC 958-210-45), the Organization is required to report information regarding their financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. Opportunity Junction currently has no assets that are permanently restricted.

Board Designated Operating Reserve - Opportunity Junction seeks to manage funding risk by establishing an Operating Reserve. Like many nonprofits, Opportunity Junction experiences swings in revenues throughout the yearly fundraising cycle. From month to month, Opportunity Junction's regular checking accounts should include enough net assets to account for normal fluctuations in cash flow. The funds identified by the Board of Directors as belonging to the Operating Reserve, by contrast, are meant to be held in reserve, released only when needed to maintain operations and with the advance knowledge of the Board of Directors. The Operating Reserve provides the organization with a small cushion when dealing with extraordinary events that negatively impact cash flow.

In order to balance the twin considerations of minimizing risk while maximizing impact, Opportunity Junction has a goal to accrue an Operating Reserve of between 3 and 6 months of ordinary expenses.

**OPPORTUNITY JUNCTION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At the beginning of each fiscal year, if Opportunity Junction's Operating Reserve does not already include 6 months of operating expenses, the organization's budget shall include a line item for contributions to reserves. At the conclusion of the fiscal year, the Finance Committee shall review the financial statements and make a recommendation of an Operating Reserves contribution to the full Board of Directors. The Board of Directors shall then approve or amend the recommended contribution at a regular meeting.

There are two situations and procedures for withdrawals from the Operating Reserve. First, there are planned withdrawals made with the consent of the Board of Directors. If necessary in order to accomplish strategic initiatives, the Board of Directors may authorize the use of some portion of the Operating Reserve for a special project (e.g. a down payment on a building purchase). The Board may opt to treat such a withdrawal as a loan to be paid back on a specified schedule. Second, withdrawals may be made in the event of a cash flow emergency. Should staff determine that cash flow requires a withdrawal from the Operating Reserves (for example, to meet timely payroll obligations), the full Board of Directors must be notified of that withdrawal by the Executive Director, including whether the reserves will soon be replenished (as when a government shutdown delays contract payments temporarily). Any member may then call for an emergency meeting of the Board of Directors, within each member's discretion.

Summarized Financial Information for 2017 - The financial information for the year ended June 30, 2017, is presented for comparative purposes, and is not intended to be a complete financial statement presentation.

NOTE C - ACCOUNTS, CONTRACTS AND GRANTS RECEIVABLE

Accounts receivable at June 30, 2018 represent funds earned but not yet received from the following activities:

<u>Accounts Receivable</u>	<u>Amount</u>
Outplacement Staffing	\$ 6,880
Gala	1,950
Bellringer placements	<u>2,700</u>
	<u>\$11,530</u>

**OPPORTUNITY JUNCTION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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NOTE C - ACCOUNTS, CONTRACTS AND GRANTS RECEIVABLE (Continued)

Contracts and grants receivable at June 30, 2018 represent funds earned but not yet received from current contracts and grants as follows:

<u>Grantor</u>	<u>Amount</u>
Fresh Success	\$ 57,746
City of Antioch - CDBG	12,751
City of Pittsburg - CDBG	10,000
Contra Costa County - CDBG	30,536
Contra Costa County - CSBG	22,519
Contra Costa County - WDB - Youth	13,500
Contra Costa County – WAF Starfish	7,142
Contra Costa County – WAF 6.0	20,200
United Way Bay Area	1,600
Keller Canyon	10,000
San Francisco Foundation	75,000
Sparkpoint	<u>20,830</u>
	<u>\$281,824</u>

The organization does not believe that an allowance for doubtful accounts is required for any of the accounts, contracts or grants receivable as of June 30, 2018.

NOTE D - FURNITURE AND EQUIPMENT

Furniture and equipment at June 30, 2018 consisted of the following:

Leasehold Improvements	\$195,662
Furniture & Equipment	<u>70,334</u>
	265,996
Less: accumulated depreciation	<u>(95,529)</u>
	<u>\$170,467</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$21,840 and \$9,650, respectively.

NOTE E - DEFERRED REVENUE

There was no deferred revenue at June 30, 2018.

NOTE F – LINE OF CREDIT

The Organization obtained a line of credit with Wells Fargo Bank with a maximum borrowing limit of \$50,000. The outstanding balance at June 30, 2018 was \$0.

**OPPORTUNITY JUNCTION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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**NOTE G – TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2018, the Organization's temporarily restricted net assets consisted of the following grants:

California Wellness Foundation	\$194,444
San Francisco Foundation	75,000
W.S. Johnson Foundation	<u>75,000</u>
Total temporarily restricted net assets	<u>\$344,444</u>

**NOTE H – FUNDRAISING REVENUE**

The Organization's fundraising events and related expenditures for the years ended June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Annual Gala	\$132,451	\$118,605
Other special events	<u>0</u>	<u>71</u>
Total revenue	132,451	118,676
Fundraising expenses	<u>31,502</u>	<u>27,996</u>
Net fundraising revenue	<u>\$100,949</u>	<u>\$ 90,680</u>

**NOTE I – CONCENTRATION OF RISK**

The Organization receives significant amounts of revenue from governmental contracts. Should funding from these grants be changed due to a change in budgeting or due to cutbacks, such reduction in funding might have an adverse effect on the Organization's programs and activities.

The financial instruments, that potentially subject the Organization to concentrations of credit risk, consist principally of cash and temporary cash investments. Cash balances held at financial institutions were in excess of federally insured limits, in the amount of \$132,151. The Organization places its temporary cash investments with high-credit, high quality financial institutions, and by policy, limits the amount of credit exposure to any one financial institution. The Organization believes no significant concentration of credit risk exists with respect to these cash investments.

**NOTE J – COMMITMENTS AND CONTINGENCIES**

The Organization leases office space under an operating lease agreement that expires on January 31, 2029. The monthly base rent is \$8,865. The lease agreement allows for a rent abatement of \$35,460, to be taken as one free month in each calendar year 2017, 2018, 2019 and 2020. The lease agreement also requires the

**OPPORTUNITY JUNCTION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2018

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**NOTE J – COMMITMENTS AND CONTINGENCIES (Continued)**

Organization to pay a pro-rata share of expenses incurred by the property owners. Rent expense for the years ended June 30, 2018 and 2017 was \$158,919 and \$154,087, respectively. Future minimum lease payments are as follows:

<u>June 30,</u>	<u>Amount</u>
2019	\$ 97,515
2020	97,515
2021	97,515
2022	106,380
2023	106,380
Subsequent	505,305

The Organization leases a copier under an operating lease agreement that expires on October 31, 2018. The monthly base rent is \$255. Rent expense for the years ended June 30, 2018 and 2017 was \$3,340 and \$3,340, respectively. Future minimum lease payments are as follows:

<u>June 30,</u>	<u>Amount</u>
2019	\$1,022

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grant. Management is of the opinion that the organization has complied with the terms of all grants.

**NOTE K – SUBSEQUENT EVENTS**

These financial statements were approved by the management of the Organization and available for issuance on February 14, 2019. The Organization has evaluated subsequent events through February 14, 2019.

## **ADDITIONAL REPORTS**





*Patricia A. Wintroath, CPA*

**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***

Board of Directors  
Opportunity Junction, Inc.  
Antioch, California 94509

I 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 Junction, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated February 14, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Opportunity Junction, 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Opportunity Junction, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization'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 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Junction, Inc.'s financial statements are free of material misstatement, I 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 my audit and accordingly, I do not express such an opinion. The results of my 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 my 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.



Patricia A. Wintroath, CPA  
Certified Public Accountant  
Walnut Creek, CA

February 14, 2019