

OPPORTUNITY JUNCTION, INC.

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

YEARS ENDED JUNE 30, 2020 and 2019

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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 statements of financial position as of June 30, 2020 and June 30, 2019, and the related statements of activities, functional 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

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, 2020 and 2019,

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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 19, 2020, 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.

A handwritten signature in blue ink that reads "Patricia A. Wintroath, CPA". The signature is written in a cursive style.

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

November 19, 2020

OPPORTUNITY JUNCTION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2020
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents (Note C)	\$1,260,251	\$208,923	\$1,469,174
Accounts receivable (Note D)	15,420		15,420
Contracts & grants receivable (Note D)	264,341		264,341
Prepaid expenses	17,327		17,327
TOTAL CURRENT ASSETS	1,557,339	208,923	1,766,262
FURNITURE AND EQUIPMENT, net (Note E)	104,986		104,986
DEPOSITS	18,000		18,000
	\$1,680,325	\$208,923	\$1,889,248
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$9,155	\$	\$9,155
Accrued vacations	68,256		68,256
Deferred revenue (Note F)	0		0
Line of credit payable (Note G)			0
TOTAL CURRENT LIABILITIES	77,411	0	77,411
NOTES PAYABLE (Note H)	281,403		281,403
COMMITMENTS AND CONTINGENCIES (Note L)			
NET ASSETS (Note I)			
Without donor restrictions	841,511		841,511
Without donor restrictions - Board Designated	480,000		480,000
With donor restrictions		208,923	208,923
TOTAL NET ASSETS	1,321,511	208,923	1,530,434
	\$1,680,325	\$208,923	\$1,889,248

See Notes to Financial Statements

OPPORTUNITY JUNCTION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2019
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents (Note C)	\$775,800	\$230,256	\$1,006,056
Accounts receivable (Note D)	2,720		2,720
Contracts & grants receivable (Note D)	312,483		312,483
Prepaid expenses	16,434		16,434
	<u>1,107,437</u>	<u>230,256</u>	<u>1,337,693</u>
TOTAL CURRENT ASSETS	1,107,437	230,256	1,337,693
FURNITURE AND EQUIPMENT, net (Note E)	134,617		134,617
DEPOSITS	18,000		18,000
	<u>\$1,260,054</u>	<u>\$230,256</u>	<u>\$1,490,310</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES:			
Accounts payable	\$8,196	\$	\$8,196
Accrued vacations	54,696		54,696
Deferred revenue (Note F)	0		0
Line of credit payable (Note G)			0
	<u>62,892</u>	<u>0</u>	<u>62,892</u>
TOTAL CURRENT LIABILITIES	62,892	0	62,892
COMMITMENTS AND CONTINGENCIES (Note L)			
NET ASSETS (Note I)			
Unrestricted	747,162		747,162
Unrestricted - Board Designated Reserve	450,000		450,000
With donor restrictions		230,256	230,256
	<u>1,197,162</u>	<u>230,256</u>	<u>1,427,418</u>
TOTAL NET ASSETS	1,197,162	230,256	1,427,418
	<u>\$1,260,054</u>	<u>\$230,256</u>	<u>\$1,490,310</u>

See Notes to Financial Statements

OPPORTUNITY JUNCTION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2020
OPERATING ACTIVITIES:			
SUPPORT AND REVENUE			
Support:			
Corporations and foundations	\$666,352	\$718,641	\$1,384,993
Government grants		25,397	25,397
Individuals	192,836		192,836
Fundraising, Net of costs of \$1,729 (Note J)	81,706		81,706
Total Support	<u>940,894</u>	<u>744,038</u>	<u>1,684,932</u>
Revenue:			
Government contracts		562,279	562,279
Project income			0
Outplacement income	39,625		39,625
Interest income	5,860		5,860
Miscellaneous income	1,080	12,841	13,921
Total Revenue	<u>46,565</u>	<u>575,120</u>	<u>621,685</u>
Net Assets Released From Restrictions	<u>1,340,491</u>	<u>(1,340,491)</u>	<u>0</u>
TOTAL SUPPORT AND REVENUE	<u>2,327,950</u>	<u>(21,333)</u>	<u>2,306,617</u>
EXPENSES			
Program services	1,836,899		1,836,899
Management and general	130,144		130,144
Fundraising	236,558		236,558
TOTAL EXPENSES	<u>2,203,601</u>	<u>0</u>	<u>2,203,601</u>
CHANGE IN NET ASSETS	124,349	(21,333)	103,016
NET ASSETS, beginning of year	<u>\$1,197,162</u>	<u>\$230,256</u>	<u>1,427,418</u>
NET ASSETS, end of year (Note B and G)	<u>\$1,321,511</u>	<u>\$208,923</u>	<u>\$1,530,434</u>

See Notes to Financial Statements

OPPORTUNITY JUNCTION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2019
OPERATING ACTIVITIES:			
SUPPORT AND REVENUE			
Support:			
Corporations and foundations	\$619,792	\$559,678	\$1,179,470
Individuals	163,852		163,852
Fundraising, Net of costs of \$29,335 (Note J)	67,708		67,708
Total Support	<u>851,352</u>	<u>559,678</u>	<u>1,411,030</u>
Revenue:			
Government contracts		564,430	564,430
Project income	2,723		2,723
Outplacement income	37,360		37,360
Interest income	8,846		8,846
Miscellaneous income	13,535		13,535
Total Revenue	<u>62,464</u>	<u>564,430</u>	<u>626,894</u>
Net Assets Released From Restrictions	<u>1,238,296</u>	<u>(1,238,296)</u>	<u>0</u>
TOTAL SUPPORT AND REVENUE	<u>2,152,112</u>	<u>(114,188)</u>	<u>2,037,924</u>
EXPENSES			
Program services	1,776,457		1,776,457
Management and general	101,392		101,392
Fundraising	203,912		203,912
TOTAL EXPENSES	<u>2,081,761</u>	<u>0</u>	<u>2,081,761</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>70,351</u>	<u>(114,188)</u>	<u>(43,837)</u>
NONOPERATING ACTIVITIES:			
TECHNOLOGY UPGRADE PROJECT (Note B):			
SUPPORT:			
Corporations and foundations		35,445	35,445
Total Support	<u>0</u>	<u>35,445</u>	<u>35,445.00</u>
Net Assets Released From Restrictions	<u>35,445</u>	<u>(35,445)</u>	<u>0</u>
TOTAL NONOPERATING SUPPORT AND REVENUE	<u>35,445</u>	<u>0</u>	<u>35,445</u>
EXPENSES			
Technology upgrade	35,445		35,445
TOTAL EXPENSES	<u>35,445</u>	<u>0</u>	<u>35,445</u>
CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES	<u>0</u>	<u>0</u>	<u>0</u>
CHANGE IN NET ASSETS	<u>70,351</u>	<u>(114,188)</u>	<u>(43,837)</u>
NET ASSETS, beginning of year	<u>\$1,126,811</u>	<u>\$344,444</u>	<u>1,471,255</u>
NET ASSETS, end of year (Note B and G)	<u>\$1,197,162</u>	<u>\$230,256</u>	<u>\$1,427,418</u>

See Notes to Financial Statements

OPPORTUNITY JUNCTION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total All Funds 2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in Net Assets	\$124,349	(\$21,333)	\$103,016
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:			
Depreciation	29,631		29,631
	153,980	(21,333)	132,647
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES			
(Increase) decrease in accounts receivable	(12,700)		(12,700)
(Increase) decrease in contracts receivable	48,142	0	48,142
(Increase) decrease in prepaid expenses	(893)		(893)
Increase (decrease) in accounts payable	959		959
Increase (decrease) in accrued vacations	13,560		13,560
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	203,048	(21,333)	181,715
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowing on long term debt	281,403		281,403
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	281,403	0	281,403
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	484,451	(21,333)	463,118
CASH AND CASH EQUIVALENTS, beginning of year	\$775,800	\$230,256	\$1,006,056
CASH AND CASH EQUIVALENTS, end of year	<u>\$1,260,251</u>	<u>\$208,923</u>	<u>\$1,469,174</u>
SUPPLEMENTAL INFORMATION:			
Interest paid			<u>\$0</u>

See Notes to Financial Statements

OPPORTUNITY JUNCTION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	<u>Total All Funds</u> 2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in Net Assets	\$70,351	(\$114,188)	(\$43,837)
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:			
Depreciation	35,850		35,850
	106,201	(114,188)	(7,987)
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES			
(Increase) decrease in accounts receivable	8,810		8,810
(Increase) decrease in contracts receivable	(105,659)	75,000	(30,659)
(Increase) decrease in prepaid expenses	1,445		1,445
Increase (decrease) in accounts payable	(14,233)		(14,233)
Increase (decrease) in accrued payroll	29,654		29,654
Increase (decrease) in accrued vacations	(54,554)		(54,554)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(28,336)</u>	<u>(39,188)</u>	<u>(67,524)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(28,336)</u>	<u>(39,188)</u>	<u>(67,524)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>\$804,136</u>	<u>\$269,444</u>	<u>\$1,073,580</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$775,800</u></u>	<u><u>\$230,256</u></u>	<u><u>\$1,006,056</u></u>
SUPPLEMENTAL INFORMATION:			
Interest paid			<u><u>\$0</u></u>

See Notes to Financial Statements

OPPORTUNITY JUNCTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	CAREER COUNSELING ASSISTANCE	ADMINISTRATIVE CAREERS TRAINING	TECHNOLOGY & CAREER CENTER	DO-IT- YOURSELF TAX ASSISTANCE	HEALTHCARE CAREER PATHWAY	ROAD MAP (FOR YOUTH AGED 18-24)	BAY POINT CAREER COUNSELING	TOTAL PROGRAM	SUPPORT		TOTAL SUPPORT	2020 TOTAL EXPENSES
									ADMINIS- TRATION	FUND - RAISING		
Salaries	192,789	\$545,944	\$59,280	\$5,206	\$116,780	\$166,949	\$99,084	\$1,186,032	\$74,755	\$168,761	\$243,516	\$1,429,548
Payroll taxes	14,434	46,424	4,966	455	9,877	15,638	8,431	100,225	6,303	14,224	20,527	120,752
Employee benefits	29,108	48,255	10,522	120	8,584	24,612	19,558	140,759	11,228	12,639	23,867	164,626
TOTAL PERSONNEL	236,331	640,623	74,768	5,781	135,241	207,199	127,073	1,427,016	92,286	195,624	287,910	1,714,926
Professional fees	3,913	17,182	1,223	95	2,990	3,603	2,148	31,154	15,059	4,376	19,435	50,589
Advertising and marketing	241	1,690	76	6	184	222	132	2,551	110	3,233	3,343	5,894
Payroll processing	595	1,702	186	14	454	547	326	3,824	271	496	767	4,591
Participant expenses	5,021	44,267	870	26	47,427	14,846	5,032	117,489	66	120	186	117,675
Staff expenses	15,966	4,510	490	53	2,136	1,675	887	11,347	779	1,454	2,233	13,580
Volunteer appreciation	93	266	29	43	71	86	51	639	42	78	120	759
Evaluation	347	1,447	158	8	465	427	190	3,042	158	290	448	3,490
Dues, fees and subscriptions	2,143	4,517	425	33	1,462	1,833	1,529	11,942	770	1,135	1,905	13,847
Insurance	837	2,397	262	20	640	771	460	5,387	382	699	1,081	6,468
Postage	167	568	52	4	128	154	92	1,165	76	468	544	1,709
Telephone and internet	1,142	3,268	357	28	872	1,051	627	7,345	520	953	1,473	8,818
Occupancy	20,182	57,779	6,308	489	15,419	18,582	11,077	129,836	9,202	16,843	26,045	155,881
Office expense	3,044	8,808	951	74	2,380	2,803	1,671	19,731	1,696	2,540	4,236	23,967
Equipment and equipment repair	6,030	17,289	1,885	146	5,328	5,552	3,310	39,540	2,748	5,032	7,780	47,320
Depreciation	3,836	10,983	1,199	93	2,931	3,532	2,106	24,680	1,749	3,202	4,951	29,631
Miscellaneous	14	158	5		12	14	8	211	4,230	15	4,245	4,456
TOTAL EXPENSES	\$285,532	\$817,454	\$89,244	\$6,913	\$218,140	\$262,897	\$156,719	\$1,836,899	\$130,144	\$236,558	\$366,702	\$2,203,601

See Notes to Financial Statements

OPPORTUNITY JUNCTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	HEALTH CAREER PATHWAYS	ANTIOCH CAREER CENTER	ADMINISTRATIVE CAREERS TRAINING	CAREER AND TECHNOLOGY CENTER	DO-IT- YOURSELF TAX ASSISTANCE	ROAD MAP (FOR YOUTH AGED 18-24)	BAY POINT CAREER COUNSELING	TOTAL PROGRAM	SUPPORT		TOTAL SUPPORT	2019 TOTAL EXPENSES
									ADMINIS- TRATION	FUND - RAISING		
Salaries	\$39,636	\$196,040	518,556	\$54,360	\$11,711	\$189,273	\$136,810	\$1,146,386	\$56,659	\$141,917	\$198,576	\$1,344,962
Payroll taxes	3,561	15,758	48,148	4,699	1,231	15,049	11,876	100,322	5,405	12,247	17,652	117,974
Employee benefits	1,190	31,894	61,809	7,470	324	25,945	12,896	141,528	8,973	10,438	19,411	160,939
TOTAL PERSONNEL	44,387	243,692	628,513	66,529	13,266	230,267	161,582	1,388,236	71,037	164,602	235,639	1,623,875
Professional fees	835	4,196	15,435	1,141	227	6,228	2,819	30,881	10,964	3,372	14,336	45,217
Advertising and marketing	91	456	1,297	124	25	653	306	2,952	182	2,852	3,034	5,986
Payroll processing	122	612	1,677	166	33	730	411	3,751	154	492	646	4,397
Participant expenses	3,606	731	40,350	130	37	55,492	2,197	102,543	27	62	89	102,632
Staff expenses	1,171	2,651	7,007	628	125	7,920	1,903	21,405	1,086	2,560	3,646	25,051
Volunteer appreciation	16	114	215	157	4	94	53	653	27	63	90	743
Evaluation	7		381	10	2	312	24	736	12	29	41	777
Dues, fees and subscriptions	429	2,111	3,292	327	65	1,807	1,717	9,748	571	995	1,566	11,314
Insurance	182	913	2,503	248	50	1,089	613	5,598	320	734	1,054	6,652
Postage	29	148	1,069	40	8	176	99	1,569	52	728	780	2,349
Telephone and internet	121	607	1,664	165	33	724	408	3,722	213	488	701	4,423
Occupancy	4,142	20,808	57,014	5,657	1,127	24,808	13,979	127,535	7,283	16,722	24,005	151,540
Office expense	683	3,400	8,814	924	184	4,054	2,284	20,343	1,190	2,768	3,958	24,301
Equipment and equipment repair	864	4,342	11,897	1,180	235	5,177	2,917	26,612	1,520	3,489	5,009	31,621
Depreciation	979	4,923	13,488	1,339	266	5,869	3,307	30,171	1,723	3,956	5,679	35,850
Miscellaneous	2							2	5,031		5,031	5,033
TOTAL EXPENSES	\$57,666	\$289,704	\$794,616	\$78,765	\$15,687	\$345,400	\$194,619	\$1,776,457	\$101,392	\$203,912	\$305,304	\$2,081,761

See Notes to Financial Statements

OPPORTUNITY JUNCTION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE A - ORGANIZATION

General - Opportunity Junction, Inc. (the Organization) is a non-profit corporation incorporated under the laws of California in 1999. The Organization's purpose is to help motivated, low-income job seekers gain the skills and confidence to launch careers that lead to financial security.

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.

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 \$2,500 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 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

OPPORTUNITY JUNCTION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2020.

Contributions and Grant Revenue - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions are reported as an increase in the net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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 deferred revenue.

OPPORTUNITY JUNCTION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonoperating Support and Expenses – During the fiscal year ended June 30, 2019, 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 Tipping Point, for this project.

Financial Statement Presentation – The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions:

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions:

Net assets that are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations – The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization’s ongoing operations and interest and dividends earned on investments. Non-operating activities are limited to resources that generate returns from investments and other activities considered to be of a more unusual or nonrecurring nature.

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.

OPPORTUNITY JUNCTION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 CEO, 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.

Reclassifications - Certain reclassifications have been made in the 2019 totals to conform to the classifications used in 2020.

New Accounting Pronouncements – On August 18, 2016, FASB issued ASU 2016-14, Not-for-profit Entities (Topic 958) – *Presentation of Financial Statements of Not for Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of

OPPORTUNITY JUNCTION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE C – LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs, liabilities and other obligations as they become due. As of June 30, 2020, the Organization has ample cash and cash equivalents to cover operating expenses. The following assets could be readily made available within one year of the statement of financial position to meet general expenditures:

Financial assets:

Cash	\$1,469,174
Interest receivable	5,900
Accounts, contracts & grants receivable	<u>279,761</u>
Financial assets available within one year	<u>\$1,754,835</u>

The Organization currently has an operating reserve of \$480,000 and has a long term strategy to increase the operating reserve to the equivalent of approximately six months operating expenditures.

NOTE D - ACCOUNTS, CONTRACTS AND GRANTS RECEIVABLE

Accounts receivable at June 30, 2020 represent funds earned but not yet received from the following activities:

<u>Accounts Receivable</u>	<u>Amount</u>
Outplacement Staffing	\$13,920
Gala	<u>1,500</u>
	<u>\$15,420</u>

Contracts and grants receivable at June 30, 2020 represent funds earned but not yet received from current contracts and grants as follows:

<u>Grantor</u>	<u>Amount</u>
Fresh Success	\$ 57,273
City of Antioch - CDBG	12,500
City of Pittsburg - CDBG	8,750
Contra Costa County - CDBG	90,000
Contra Costa County - CSBG	13,818
Contra Costa County - WDB - Adult	42,757
CPUC	<u>39,243</u>
	<u>\$264,341</u>

OPPORTUNITY JUNCTION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

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

Accounts receivable at June 30, 2019 represent funds earned but not yet received from the following activities:

<u>Accounts Receivable</u>	<u>Amount</u>
Outplacement Staffing	<u>\$2,720</u>
	<u>\$2,720</u>

Contracts and grants receivable at June 30, 2019 represent funds earned but not yet received from current contracts and grants as follows:

<u>Grantor</u>	<u>Amount</u>
Fresh Success	\$ 47,098
City of Antioch - CDBG	12,500
City of Pittsburg - CDBG	8,750
Contra Costa County - CDBG	61,718
Contra Costa County - CSBG	8,097
WDB – Adult	83,851
Chevron	50,000
Keller Canyon	10,000
Sparkpoint	<u>30,469</u>
	<u>\$312,483</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, 2020 and 2019.

NOTE E - FURNITURE AND EQUIPMENT

Furniture and equipment at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Leasehold Improvements	\$195,662	\$195,662
Furniture & Equipment	<u>70,334</u>	<u>70,334</u>
	265,996	265,996
Less: accumulated depreciation	<u>(161,010)</u>	<u>(131,379)</u>
	<u>\$104,986</u>	<u>\$134,617</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$29,631 and \$35,850, respectively.

OPPORTUNITY JUNCTION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE F - DEFERRED REVENUE

There was no deferred revenue at June 30, 2020 or at June 30, 2019.

NOTE G – LINE OF CREDIT

The Organization obtained a line of credit with Wells Fargo Bank with a maximum borrowing limit of \$50,000. The maturity date of the line of credit is December 31, 2020 with an option to renew for an additional twelve months. The outstanding balance at both June 30, 2020 and 2019 was \$0.

NOTE H – NOTES PAYABLE

The Organization obtained a Paycheck Protection Program loan, in the amount of \$306,800, from the Small Business Association which was made available as part of the federal Coronavirus Relief package in April 2020. The Organization expects the loan to be forgiven in 2021, with no interest charged, based on the use of the funds.

As of June 30, 2020, funds in the amount of \$25,397 have been used in compliance with the loan requirements.

NOTE I – NET ASSETS

At June 30, the Organization’s net assets with donor restrictions consisted of the following grants:

	<u>2020</u>	<u>2019</u>
Specific purpose:		
John Muir Community Health Foundation	\$ 46,978	\$46,978
Passage of time		
California Wellness Foundation	61,111	127,778
FHL Bank	8,334	
Sutter Health Foundation	12,500	
Impact 100		31,167
Tipping Point		24,333
Y&H Soda Foundation	<u>80,000</u>	
Total net assets with donor restrictions	<u>\$208,923</u>	<u>\$230,256</u>

Net Assets released from restriction during the year ended June 30, consisted of the following:

	<u>2020</u>	<u>2019</u>
Passage of time		
California Wellness Foundation	\$ 66,667	\$ 66,666
San Francisco Foundation		75,000
W.S. Johnson Foundation		75,000

OPPORTUNITY JUNCTION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE I – NET ASSETS (Continued)

	<u>2020</u>	<u>2019</u>
Impact 100	\$ 31,167	\$
Tipping Point	<u>24,333</u>	<u>1,084</u>
Total net assets with donor restrictions	<u>\$122,167</u>	<u>\$217,750</u>

Net assets without donor restrictions for the years ended June 30, are as follows:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 816,114	\$ 747,163
Board Designated	<u>480,000</u>	<u>450,000</u>
Total net asset without restrictions	<u>\$1,296,114</u>	<u>\$1,197,163</u>

NOTE J – FUNDRAISING REVENUE

The Organization's fundraising events and related expenditures for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Annual Gala	\$83,435	\$88,053
Other special events	<u> </u>	<u>8,990</u>
Total revenue	83,435	97,043
Fundraising expenses	<u>1,729</u>	<u>29,335</u>
Net fundraising revenue	<u>\$81,706</u>	<u>\$67,708</u>

NOTE K – 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. The Organization had cash balances of \$203,082 held at financial institutions in excess of federally insured limits. 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.

OPPORTUNITY JUNCTION, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE L – 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 Organization to pay a pro-rata share of expenses incurred by the property owners.

Rent expense for the years ended June 30, 2020 and 2019 was \$131,977 and \$121,702, respectively. Future minimum lease payments are as follows:

<u>June 30,</u>	<u>Amount</u>
2021	\$ 97,515
2022	106,380
2023	106,380
2024	110,805
2025	117,000
Subsequent	<u>419,250</u>
	<u>\$957,330</u>

The Organization leases a copier under an operating lease agreement that expires on August 31, 2022. The monthly base rent is \$477. Rent expense for the years ended June 30, 2020 and 2019 was \$6,088 and \$8,684, respectively. Future minimum lease payments are as follows:

<u>June 30,</u>	<u>Amount</u>
2021	\$5,726
2022	<u>954</u>
	<u>\$12,410</u>

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 M – SUBSEQUENT EVENTS

These financial statements were approved by the management of the Organization and available for issuance on November 19, 2020. The Organization has evaluated subsequent events through November 19, 2020.

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, 2020, 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 November 19, 2020.

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

Patricia A. Wintroath, CPA
Certified Public Accountant
Walnut Creek, CA
November 19, 2020