

**OPPORTUNITY JUNCTION, INC.**

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

**YEARS ENDED JUNE 30, 2021 and 2020**

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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, 2021 and June 30, 2020, 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, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated November 23, 2021, 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

November 23, 2021

**OPPORTUNITY JUNCTION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS:		
Cash and cash equivalents (Note C)	\$1,684,614	\$1,469,174
Accounts receivable (Note D)	9,340	15,420
Contracts & grants receivable (Note D)	232,250	264,341
Prepaid expenses	9,515	17,327
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	1,935,719	1,766,262
FURNITURE AND EQUIPMENT, net (Note E)	111,088	104,986
DEPOSITS	18,000	18,000
	<hr/>	<hr/>
	<u>\$2,064,807</u>	<u>\$1,889,248</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$23,304	\$9,155
Accrued vacations	89,584	68,256
Deferred revenue (Note F)	2,500	0
Current portion of long term debt (Note H)	28,629	100,299
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	144,017	177,710
NOTES PAYABLE (Note H)	278,243	181,104
COMMITMENTS AND CONTINGENCIES (Note L)		
NET ASSETS (Note B and I)		
Without donor restrictions	953,744	841,511
Without donor restrictions - Board Designated Reserve	680,000	480,000
With donor restrictions	8,803	208,923
	<hr/>	<hr/>
TOTAL NET ASSETS	1,642,547	1,530,434
	<hr/>	<hr/>
	<u>\$2,064,807</u>	<u>\$1,889,248</u>

See Notes to Financial Statements

**OPPORTUNITY JUNCTION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Support:			
Corporations and foundations	\$1,138,337	\$	\$1,138,337
Individuals	281,410		281,410
Fundraising, Net of costs of \$3,715 (Note J )	82,910		82,910
Total Support	<u>1,502,657</u>	<u>0</u>	<u>1,502,657</u>
Revenue:			
Government contracts	281,403	596,721	878,124
Outplacement income	44,747		44,747
Interest income	3,146		3,146
Miscellaneous income	5,048		5,048
Total Revenue	<u>334,344</u>	<u>596,721</u>	<u>931,065</u>
Net Assets Released From Restrictions	<u>796,841</u>	<u>(796,841)</u>	<u>0</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,633,842</u>	<u>(200,120)</u>	<u>2,433,722</u>
<b>EXPENSES</b>			
Program services	1,991,424		1,991,424
Management and general	132,629		132,629
Fundraising	197,556		197,556
<b>TOTAL EXPENSES</b>	<u>2,321,609</u>	<u>0</u>	<u>2,321,609</u>
<b>CHANGE IN NET ASSETS</b>	<u>312,233</u>	<u>(200,120)</u>	<u>112,113</u>
NET ASSETS, beginning of year	<u>1,321,511</u>	<u>208,923</u>	<u>1,530,434</u>
NET ASSETS, end of year (Note B and I)	<u>\$1,633,744</u>	<u>\$8,803</u>	<u>\$1,642,547</u>

See Notes to Financial Statements

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Support:			
Corporations and foundations	\$666,352	\$718,641	\$1,384,993
Individuals	192,836		192,836
Fundraising, Net of costs of \$1,729 (Note J)	81,706		81,706
Total Support	940,894	718,641	1,659,535
Revenue:			
Government contracts	25,397	562,279	587,676
Outplacement income	39,625		39,625
Interest income	5,860		5,860
Participant sponsorships	0	12,000	12,000
Miscellaneous income	1,080	841	1,921
Total Revenue	71,962	575,120	647,082
Net Assets Released From Restrictions	1,315,094	(1,315,094)	0
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,327,950</b>	<b>(21,333)</b>	<b>2,306,617</b>
<b>EXPENSES</b>			
Program services	1,836,899		1,836,899
Management and general	130,144		130,144
Fundraising	236,558		236,558
<b>TOTAL EXPENSES</b>	<b>2,203,601</b>	<b>0</b>	<b>2,203,601</b>
<b>CHANGE IN NET ASSETS</b>	<b>124,349</b>	<b>(21,333)</b>	<b>103,016</b>
NET ASSETS, beginning of year	1,197,162	230,256	1,427,418
NET ASSETS, end of year (Note B and I)	<u>\$1,321,511</u>	<u>\$208,923</u>	<u>\$1,530,434</u>

See Notes to Financial Statements

**OPPORTUNITY JUNCTION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$112,113	\$103,016
Adjustment to reconcile change in net assets to cash provided (used) by operating activities:		
Forgiveness of debt	(281,403)	-
Depreciation	<u>20,232</u>	<u>29,631</u>
	(149,058)	132,647
CHANGES IN CURRENT ASSETS AND CURRENT LIABILITIES		
(Increase) decrease in accounts receivable	6,080	(12,700)
(Increase) decrease in contracts receivable	32,091	48,142
(Increase) decrease in prepaid expenses	7,812	(893)
Increase (decrease) in accounts payable	14,149	959
Increase (decrease) in accrued vacations	21,328	13,560
Increase (decrease) in deferred revenue	<u>2,500</u>	<u>0</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(65,098)</u>	<u>181,715</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	<u>(26,334)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(26,334)</u>	<u>0</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowing on long term debt	<u>306,872</u>	<u>281,403</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>306,872</u>	<u>281,403</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>215,440</u>	<u>463,118</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,469,174</u>	<u>1,006,056</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$1,684,614</u></u>	<u><u>\$1,469,174</u></u>
SUPPLEMENTAL INFORMATION:		
Interest paid	<u>\$0</u>	<u>\$0</u>
Non-cash operating and financing activities: Forgiveness of debt	<u><u>\$281,403</u></u>	<u><u>\$0</u></u>

See Notes to Financial Statements



**OPPORTUNITY JUNCTION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

	ANTIOCH CAREER CENTER	ADMINISTRATIVE CAREERS TRAINING	BAY POINT CAREER COUNSELING	HEALTH CAREER PATHWAYS	ROAD MAP (FOR YOUTH AGED 18-24)	DO-IT- YOURSELF TAX ASSISTANCE	CAREER AND TECHNOLOGY CENTER	TOTAL PROGRAM	SUPPORT		TOTAL SUPPORT	TOTAL EXPENSES
									ADMINIS- TRATION	FUND - RAISING		
Salaries	\$179,641	626,774	\$107,579	\$155,223	\$152,309	\$5,019	\$75,911	\$1,302,456	\$79,768	\$141,782	\$221,550	\$1,524,006
Payroll taxes	13,025	51,986	8,870	12,635	14,323	406	6,234	107,479	6,568	11,588	18,156	125,635
Employee benefits	24,161	71,475	13,060	14,045	19,074	167	12,932	154,914	11,983	12,189	24,172	179,086
<b>TOTAL PERSONNEL</b>	<b>216,827</b>	<b>750,235</b>	<b>129,509</b>	<b>181,903</b>	<b>185,706</b>	<b>5,592</b>	<b>95,077</b>	<b>1,564,849</b>	<b>98,319</b>	<b>165,559</b>	<b>263,878</b>	<b>1,828,727</b>
Professional fees	73	14,578	44	2,261	64	3	32	17,055	13,909	4,217	18,126	35,181
Advertising and marketing	23	89	14	30	20	1	10	187	12	2,593	2,605	2,792
Payroll processing	451	1,719	270	574	393	15	197	3,619	241	366	607	4,226
Participant expenses		62,194	350	88,549	4,159	2,000	15	157,267			0	157,267
Staff expenses	1,794	6,727	1,056	3,052	1,538	61	770	14,998	943	1,449	2,392	17,390
Volunteer appreciation	52	198	31	66	45	2	23	417	28	42	70	487
Evaluation	2	761	36	202	1		1	1,003	1	1	2	1,005
Dues, fees and subscriptions	3,578	12,170	1,892	3,702	2,124	84	1,048	24,598	1,297	1,998	3,295	27,893
Insurance	869	3,312	520	1,106	757	30	379	6,973	464	705	1,169	8,142
Postage	61	232	36	78	53	2	27	489	33	615	648	1,137
Telephone and internet	2,331	8,879	1,393	2,965	2,030	81	1,016	18,695	1,245	1,890	3,135	21,830
Occupancy	16,049	61,140	9,592	20,417	13,980	559	7,000	128,737	8,576	13,012	21,588	150,325
Office expense	1,832	7,089	1,096	3,941	1,596	64	799	16,417	979	1,611	2,590	19,007
Equipment and equipment repair	2,148	8,184	1,284	4,231	1,871	75	937	18,730	1,148	1,741	2,889	21,619
Depreciation	2,160	8,229	1,292	2,748	1,881	75	942	17,327	1,154	1,751	2,905	20,232
Miscellaneous	8	30	5	10	7		3	63	4,280	6	4,286	4,349
<b>TOTAL EXPENSES</b>	<b>\$248,258</b>	<b>\$945,766</b>	<b>\$148,420</b>	<b>\$315,835</b>	<b>\$216,225</b>	<b>\$8,644</b>	<b>\$108,276</b>	<b>\$1,991,424</b>	<b>\$132,629</b>	<b>\$197,556</b>	<b>\$330,185</b>	<b>\$2,321,609</b>

See Notes to Financial Statements

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

	CAREER COUNSELING ASSISTANCE	ADMINISTRATIVE CAREERS TRAINING	BAY POINT CAREER COUNSELING	HEALTHCARE CAREER PATHWAY	ROAD MAP (FOR YOUTH AGED 18-24)	DO-IT- YOURSELF TAX ASSISTANCE	TECHNOLOGY & CAREER CENTER	TOTAL PROGRAM	SUPPORT		TOTAL SUPPORT	TOTAL EXPENSES
									ADMINIS- TRATION	FUND - RAISING		
Salaries	192789	\$545,944	\$99,084	\$116,780	\$166,949	\$5,206	\$59,280	\$1,186,032	\$74,755	\$168,761	\$243,516	\$1,429,548
Payroll taxes	14434	46,424	8,431	9,877	15,638	455	4,966	100,225	6,303	14,224	20,527	120,752
Employee benefits	29108	48,255	19,558	8,584	24,612	120	10,522	140,759	11,228	12,639	23,867	164,626
<b>TOTAL PERSONNEL</b>	<b>236,331</b>	<b>640,623</b>	<b>127,073</b>	<b>135,241</b>	<b>207,199</b>	<b>5,781</b>	<b>74,768</b>	<b>1,427,016</b>	<b>92,286</b>	<b>195,624</b>	<b>287,910</b>	<b>1,714,926</b>
Professional fees	3913	17,182	2,148	2,990	3,603	95	1,223	31,154	15,059	4,376	19,435	50,589
Advertising and marketing	241	1,690	132	184	222	6	76	2,551	110	3,233	3,343	5,894
Payroll processing	595	1,702	326	454	547	14	186	3,824	271	496	767	4,591
Participant expenses	5021	44,267	5,032	47,427	14,846	26	870	117,489	66	120	186	117,675
Staff expenses	1596	4,510	887	2,136	1,675	53	490	11,347	779	1,454	2,233	13,580
Volunteer appreciation	93	266	51	71	86	43	29	639	42	78	120	759
Evaluation	347	1,447	190	465	427	8	158	3,042	158	290	448	3,490
Dues, fees and subscriptions	2143	4,517	1,529	1,462	1,833	33	425	11,942	770	1,135	1,905	13,847
Insurance	837	2,397	460	640	771	20	262	5,387	382	699	1,081	6,468
Postage	167	568	92	128	154	4	52	1,165	76	468	544	1,709
Telephone and internet	1142	3,268	627	872	1,051	28	357	7,345	520	953	1,473	8,818
Occupancy	20182	57,779	11,077	15,419	18,582	489	6,308	129,836	9,202	16,843	26,045	155,881
Office expense	3044	8,808	1,671	2,380	2,803	74	951	19,731	1,696	2,540	4,236	23,967
Equipment and equipment repair	6030	17,289	3,310	5,328	5,552	146	1,885	39,540	2,748	5,032	7,780	47,320
Depreciation	3836	10,983	2,106	2,931	3,532	93	1,199	24,680	1,749	3,202	4,951	29,631
Miscellaneous	14	158	8	12	14		5	211	4,230	15	4,245	4,456
<b>TOTAL EXPENSES</b>	<b>\$285,532</b>	<b>\$817,454</b>	<b>\$156,719</b>	<b>\$218,140</b>	<b>\$262,897</b>	<b>\$6,913</b>	<b>\$89,244</b>	<b>\$1,836,899</b>	<b>\$130,144</b>	<b>\$236,558</b>	<b>\$366,702</b>	<b>\$2,203,601</b>

(1,173)

**OPPORTUNITY JUNCTION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020

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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, 2021 AND 2020

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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.

Advertising Costs – Advertising costs are expensed as incurred, the costs incurred during the year ended June 30, 2021 and 2020 were \$2,792 and \$5,894, respectively

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 2021.

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.

**OPPORTUNITY JUNCTION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. 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

**OPPORTUNITY JUNCTION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2020 totals to conform to the classifications used in 2021.

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, 2021, 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:

**OPPORTUNITY JUNCTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE C – LIQUIDITY AND AVAILABILITY (Continued)**

Financial assets:	
Cash	\$1,684,614
Accounts, contracts & grants receivable	<u>241,590</u>
Financial assets available within one year	<u>\$1,926,204</u>

The Organization currently has an operating reserve of \$680,000 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, 2021 represent funds earned but not yet received from the following activities:

<u>Accounts Receivable</u>	<u>Amount</u>
Outplacement Staffing	\$6,840
Gala	<u>2,500</u>
	<u>\$9,340</u>

Contracts and grants receivable at June 30, 2021 represent funds earned but not yet received from current contracts and grants as follows:

<u>Grantor</u>	<u>Amount</u>
Fresh Success	\$ 60,473
City of Antioch - CDBG	16,534
City of Concord – CDBG	6,667
City of Pittsburg - CDBG	10,000
Contra Costa County - CDBG	28,750
Contra Costa County - CSBG	3,761
Contra Costa County - WDB - Adult	\$ 50,453
CPUC	16,505
Keller Canyon	7,500
Sparkpoint	<u>31,607</u>
	<u>\$232,250</u>

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>

**OPPORTUNITY JUNCTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

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

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>

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, 2021 and 2020.

Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable.

**NOTE E - FURNITURE AND EQUIPMENT**

Furniture and equipment at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Leasehold Improvements	\$221,995	\$195,662
Furniture & Equipment	<u>70,334</u>	<u>70,334</u>
	292,329	265,996
Less: accumulated depreciation	<u>(181,241)</u>	<u>(161,010)</u>
	<u>\$111,088</u>	<u>\$104,986</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$20,232 and \$29,631, respectively.

**NOTE F - DEFERRED REVENUE**

Deferred revenue at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Gala Sponsorships	<u>\$2,500</u>	<u>\$0</u>
Total deferred revenue	<u>\$2,500</u>	<u>\$0</u>



**OPPORTUNITY JUNCTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

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**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, 2021 with an option to renew for an additional twelve months. The current interest rate at June 30, 2021 was 6.25%. The outstanding balance at both June 30, 2021 and 2020 was \$0.

**NOTE H – NOTES PAYABLE**

The Organization obtained two Paycheck Protection Program loans, the first in the amount of \$306,800, and the second in the amount of \$306,872 from the Small Business Association which were made available as part of the federal Coronavirus Relief package in April 2020 and January 2021, respectively.

The first loan was forgiven on February 19, 2021. The Organization expects the second loan to be forgiven in late 2021, with no interest charged, based on the use of the funds. Should a portion of the loan not be forgiven, the loan will be due on January 27, 2026, and the interest rate will be 1%.

Should the second Paycheck Protection Program loan not be forgiven, aggregate maturities on the long-term debt for each of the next five years and subsequent periods are as follows:

Year ended June 30,	
2022	\$ 28,629
2023	76,649
2024	77,419
2025	78,197
2026	45,977

**NOTE I – NET ASSETS**

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

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 953,744	\$ 841,511
Board Designated	<u>680,000</u>	<u>480,000</u>
Total net asset without restrictions	<u>\$1,633,744</u>	<u>\$1,321,511</u>

**OPPORTUNITY JUNCTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE I – NET ASSETS (Continued)**

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

	<u>2021</u>	<u>2020</u>
Specific purpose:		
John Muir Community Health Foundation	\$8,803	\$ 46,978
Passage of time		
California Wellness Foundation		61,111
FHL Bank		8,334
Sutter Health Foundation		12,500
Y&H Soda Foundation	<u>0</u>	<u>80,000</u>
Total net assets with donor restrictions	<u>\$8,803</u>	<u>\$208,923</u>

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

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restriction:		
Career counseling assistance program	\$148,735	\$ 175,984
Administrative careers training program	361,583	604,119
Technology and career center	9,167	48,410
Healthcare career pathway program	40,079	145,935
Road Map program		98,707
Bay Point career counseling program	37,157	113,872
Self-help tax center		5,900
John Muir Community Health Foundation	38,175	
Passage of time		
California Wellness Foundation	61,111	66,667
Impact 100		31,167
Tipping Point		24,333
FHL Bank	8,334	
Sutter Health Foundation	12,500	
Y&H Soda Foundation	<u>80,000</u>	<u>0</u>
Total net assets with donor restrictions	<u>\$796,841</u>	<u>\$1,315,094</u>

**OPPORTUNITY JUNCTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

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**NOTE J – FUNDRAISING REVENUE**

The Organization's fundraising events and related expenditures for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Annual Gala	\$86,625	\$83,435
Direct benefit costs	<u>(3,715)</u>	<u>(1,729)</u>
Net fundraising revenue	<u>\$82,910</u>	<u>\$81,706</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 \$336,172 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.

**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, 2021 and 2020 was \$131,977 and \$121,702, respectively. Future minimum lease payments are as follows:

<u>June 30,</u>	<u>Amount</u>
2022	\$106,380
2023	106,380
2024	110,805
2025	117,000
2026	117,000
Subsequent	<u>302,250</u>
	<u>\$859,815</u>

**OPPORTUNITY JUNCTION, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020

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

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, 2021 and 2020 was \$6,088 and \$8,684, respectively. Future minimum lease payments are as follows:

<u>June 30,</u>	<u>Amount</u>
2022	\$5,726
2023	<u>954</u>
	<u>\$6,680</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 23, 2021. The Organization has evaluated subsequent events through November 23, 2021.

The Covid-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Opportunity Junction is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of the COVID-19 on Opportunity Junction's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on Opportunity Junction's customers, participants, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact Opportunity Junction's financial position, changes in net assets, and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

## **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, 2021, 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 23, 2021.

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) as a basis for designing 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 financial statements 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 23, 2021