

Opportunity Resource Services, Inc.

**REVIEWED FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017**

Opportunity Resource Services, Inc.
Table of Contents
August 31, 2017

	<u>Page</u>
<u>Financial Section</u>	
Independent Accountant's Review Report	2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6

Financial Section



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Opportunity Resource Services, Inc.
Cleburne, Texas

We have reviewed the accompanying financial statements of Opportunity Resource Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Snow Garrett Williams

Snow Garrett Williams

May 16, 2018

Opportunity Resource Services, Inc.
Statement of Financial Position
August 31, 2017

Assets

Cash and cash equivalents	\$	17,902
Grant receivable		12,160
		12,160
Total Assets	\$	30,062

Liabilities and Net Assets

Liabilities

Accounts payable	\$	19,459
Accrued payroll and liabilities		216
		216
Total Liabilities		19,675

Net assets

Without donor restrictions		10,387
		10,387
Total net assets		10,387
Total liabilities and net assets	\$	30,062

Opportunity Resource Services, Inc.
Statement of Activities
For the Year Ended August 31, 2017

	Without Donor Restrictions	Total
Revenues, gains, and other support		
Contributions	\$ 12,974	\$ 12,974
Grants	703,536	703,536
Total revenues, gains, and other support	716,510	716,510
Expenses		
Program services		
Upward Bound Math and Science Program	241,912	241,912
Upward Bound	254,937	254,937
Educational Opportunity Centers	209,962	209,962
Other	5,063	5,063
Total program services	711,874	711,874
Management and general	14,705	14,705
Total expenses (Note C)	726,579	726,579
Change in net assets	(10,069)	(10,069)
Net assets at beginning of year	20,456	20,456
Net assets at end of year	<u>\$ 10,387</u>	<u>\$ 10,387</u>

Opportunity Resource Services, Inc.
Statement of Cash Flows
For the Year Ended August 31, 2017

Operating activities	
Change in net assets	\$ (10,069)
(Increase) decrease in operating assets	
Grant receivable	(4,358)
Prepaid expenses	4,500
Increase (decrease) in operating liabilities	
Accounts payable	(36,365)
Accrued expenses	<u>92</u>
Net cash used by operating activities	<u>(46,200)</u>
Net decrease in cash and cash equivalents	(46,200)
Cash and cash equivalents as of beginning of year	<u>64,102</u>
Cash and cash equivalents as of end of year	<u><u>\$ 17,902</u></u>

Opportunity Resource Services, Inc.
Notes to Financial Statements
August 31, 2017

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Opportunity Resource Services, Inc. (the Organization) is a non-profit organization, created in 2012 to secure long-term investments for rural Texas communities in order to create opportunities for Texans to achieve educational, financial, and personal success. The Organization works to improve educational attainment, alleviate poverty, and increase rates of upward mobility in the communities that it serves. The Organization is supported primarily through donor contributions and grants.

A general description of the Organization's programs follows:

Upward Bound Math and Science Program – Federal grant program funded by the U.S. Department of Education designed to strengthen the math and science skills of participating students. The goal of the program is to help students recognize and develop their potential to excel in math and science and to encourage them to pursue postsecondary degrees in math and science, and ultimately, careers in the math and science professions.

Upward Bound – Federal grant program funded by the U.S. Department of Education that provides fundamental support to participants in their preparation for college entrance. The program provides opportunities for participants to succeed in their precollege performance and ultimately in their higher education pursuits.

Educational Opportunity Centers – Federal grant program funded by the U.S. Department of Education that provides counseling and information on college admissions to qualified adults who want to enter or continue a program of postsecondary education. The program also provides services to improve the financial and economic literacy of participants.

Income Tax

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination of taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at August 31, 2017.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to August 31, 2014.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Opportunity Resource Services, Inc.
Notes to Financial Statements
August 31, 2017

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The Organization early adopted and implemented Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements for Not-for-Profit Entities*. According to this standard, the Organization is to report information regarding its financial position and activities according to two classifications of net assets – net assets with donor restrictions or net assets without donor restrictions. This standard also requires the Organization to report expenses by both their natural classification and their functional classification either on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. With this change, the Organization's previously reported unrestricted net assets have been reclassified to net assets without donor restrictions. This reclassification did not change the amount reported in net assets. As of August 31, 2017, the Organization had no net assets with donor restrictions. This standard was implemented in the current year, because the Organization only maintained and reported one classification of net assets and were reporting expenses by nature and function.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Support and Revenue

The Organization is highly dependent on funding from the federal government to carry out its programs. The Organization receives direct grants from the U.S. Department of Education to perform activities necessary to operate the Upward Bound Math and Science and Upward Bound programs. A receivable is recorded when revenue earned under a grant exceeds the cash received. All receivables are expected to be collected within one year. No allowance for doubtful accounts is considered necessary at August 31, 2017.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with various programs and assignments, but these services do not meet the criteria for recognition as contributed services.

Opportunity Resource Services, Inc.
Notes to Financial Statements
August 31, 2017

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$30,062 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$17,902 and grants receivable of \$12,160. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The grants receivable are subject to implied time restrictions but are expected to be collected within one year. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization maintains its cash in bank deposit accounts at high quality financial institutions. At August 31, 2017, the Organization's cash deposits were adequately secured by the Federal Deposit Insurance Corporation (FDIC).

NOTE C: FUNCTIONAL EXPENSE ALLOCATION

The table below presents expenses by both their nature and their function for the year ended August 31, 2017.

	Program Activities				Programs Subtotal	Supporting Activities	Total Expenses
	Upward Bound Math and Science	Upward Bound	Educational Opportunity Centers	Other		Management and General	
Salary and benefits	\$ 112,838	\$ 109,395	\$ 137,359	\$ 1,104	\$ 360,696	\$ 6,137	\$ 366,833
Payroll taxes	7,809	8,002	11,139	-	26,950	-	26,950
Banquets	3,584	3,584	-	-	7,168	52	7,220
Direct participant costs	19,272	18,210	164	-	37,646	-	37,646
Field trips	37,072	39,613	-	3,779	80,464	-	80,464
Instructional materials and workshops	1,635	1,628	613	-	3,876	-	3,876
Summer meals and transportation	24,542	24,542	-	-	49,084	-	49,084
Scholarships	-	-	-	-	-	2,000	2,000
Supplies	8,983	15,300	17,692	180	42,155	1,445	43,600
Insurance	3,357	3,357	3,357	-	10,071	-	10,071
Legal and professional	2,791	2,791	2,762	-	8,344	175	8,519
Occupancy	3,930	3,963	10,150	-	18,043	3,771	21,814
Postage	1,007	1,008	2,211	-	4,226	-	4,226
Staff travel and training	4,477	10,311	5,317	-	20,105	537	20,642
Information technology	7,671	9,709	16,247	-	33,627	249	33,876
Other	2,944	3,524	2,951	-	9,419	339	9,758
Total expenses	\$ 241,912	\$ 254,937	\$ 209,962	\$ 5,063	\$ 711,874	\$ 14,705	\$ 726,579

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include insurance and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Opportunity Resource Services, Inc.
Notes to Financial Statements
August 31, 2017

NOTE D: LEASING ARRANGEMENTS

The Organization leases its office space under an operating lease. Rent expense totaled \$12,620 for the year ended August 31, 2017.

Future minimum lease payments follow:

Year Ended August 31,	Amount
2018	\$ 13,200
2019	13,200
2020	13,200
2021	13,200
Total	\$ 52,800

NOTE E: CONTINGENCIES

The Organization receives a number of grants primarily from the U.S. Department of Education. These grants are subject to audit by the corresponding oversight agency as to allowable costs paid with governmental funds and as to the share of costs contributed by the Organization. The Organization could be liable for as much as the full amount of governmental funds expended for the year, if under audit, the oversight agency was to determine that all costs charged to the project were disallowed. Management believes it is unlikely that the agency would disallow a significant portion of the costs incurred, if any.

NOTE F: COMPENSATED ABSENCES

Employees of the Organization are entitled to paid time off depending on length of service and other factors. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE G: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 16, 2018, the date the financial statements were available to be issued.

The Organization was awarded two five-year grants for the Upward Bound programs effective September 1, 2017. The Organization was awarded a five-year grant for the Upward Bound Math and Science program effective October 1, 2017.

