the Opportunity Alliance

CONSOLIDATED FINANCIAL STATEMENTS

with

SUPPLEMENTARY INFORMATION

June 30, 2019 and 2018

With Independent Auditor's Report

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Consolidated Financial Statements

June 30, 2019 and 2018

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Opportunity Alliance and Affiliate

We have audited the accompanying consolidated financial statements of The Opportunity Alliance and Affiliate (Organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Opportunity Alliance and Affiliate as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, during the year ended June 30, 2019 the Organization adopted new accounting guidance, Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
October 22, 2019

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Consolidated Statements of Financial Position

June 30, 2019 and 2018

ASSETS

	2019	2018
Current assets		
Cash and cash equivalents	**$ 56,962**	$ 105,858
Accounts receivable, net of estimated allowance for doubtful accounts of $7,500 and $66,000 in 2019 and 2018, respectively	**578,724**	1,093,043
Grants receivable	**1,934,929**	2,072,851
Prepaid expenses and supplies	**126,493**	172,900
Assets whose use is limited, required for current liabilities	**213,877**	212,264
Current portion of pledges receivable	**-**	10,100
Current portion of note receivable	**-**	500,000
Total current assets	**2,910,985**	4,167,016
Property and equipment		
Land	**1,014,971**	913,171
Building and building improvements	**13,455,532**	12,667,192
Equipment	**2,382,174**	2,291,461
Vehicles	**292,441**	373,930
Construction in progress	**31,255**	15,954
	17,176,373	16,261,708
Less accumulated depreciation	**7,886,040**	7,963,884
Net property and equipment	**9,290,333**	8,297,824
Other assets		
Notes receivable, net of current portion	**1,379**	2,963
Assets whose use is limited, net of amount required for current liabilities	**869,298**	526,290
Investments	**2,043,153**	1,844,262
Pledges receivable, net of current portion	**-**	25,747
Total other assets	**2,913,830**	2,399,262
Total assets	**$ 15,115,148**	$ 14,864,102

The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES AND NET ASSETS

	2019	2018
Current liabilities		
Current portion of long-term debt	**$ 260,903**	$ 241,727
Current portion of capital leases payable	**114,769**	80,353
Accounts payable and accrued expenses	**819,510**	687,985
Line of credit	**131,780**	1,200,721
Current portion of third party settlements	**372,756**	508,439
Due to State of Maine	**5,972**	7,159
Deferred revenue	**349,869**	488,049
Accrued payroll and related liabilities	**1,531,415**	1,517,529
Security deposits and other liabilities	**5,568**	3,186
Total current liabilities	**3,592,542**	4,735,148
Long-term liabilities, net of current portion		
Long-term debt, net of current portion, premium on bonds and unamortized debt issuance costs	**5,883,987**	5,200,802
Capital leases payable	**221,207**	184,004
Third party settlements	**24,994**	149,551
Deferred revenue	**31,749**	31,750
Total long-term liabilities	**6,161,937**	5,566,107
Total liabilities	**9,754,479**	10,301,255
Net assets		
Without donor restrictions	**4,251,388**	3,706,749
With donor restrictions	**1,109,281**	856,098
Total net assets	**5,360,669**	4,562,847
Total liabilities and net assets	**$15,115,148**	$ 14,864,102

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Consolidated Statements of Activities

Years Ended June 30, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions		
Support and revenue		
MaineCare and Medicare	**$ 10,263,883**	$ 10,208,764
Adjustments to prior year third party settlements	**(28,754)**	23,906
Grants from government agencies	**15,277,825**	13,806,550
Grants from United Way	**435,089**	586,516
Other grant revenue	**1,012,667**	1,058,362
Maine Department of Health and Human Services (DHHS) room and board	**12,742**	91,965
Private revenue - fee-for-service	**426,321**	515,922
Contributions	**179,147**	326,435
In-kind donations	**391,005**	487,466
Miscellaneous	**97,866**	68,105
Investment income	**201,711**	169,374
Lease revenue	**269,745**	260,298
Total support and revenue before net assets released from restrictions	**28,539,247**	27,603,663
Net assets released from restrictions		
Satisfaction of time and purpose restrictions	**1,008,246**	1,058,779
Total support and revenue	**29,547,493**	28,662,442
Expenses		
Program services	**26,130,046**	24,718,776
Supporting services		
Administrative	**2,864,247**	3,117,554
Fundraising	**373,103**	477,775
Total expenses	**29,367,396**	28,314,105
Increase in net assets without donor restrictions before other changes	**180,097**	348,337
Other changes		
Gain (loss) on sale of property and equipment	**364,542**	(31,396)
Increase in net assets without donor restrictions	**544,639**	316,941
Changes in net assets with donor restrictions		
Contributions	**1,261,429**	894,570
Net assets released from restrictions	**(1,008,246)**	(1,058,779)
Increase (decrease) in net assets with donor restrictions	**253,183**	(164,209)
Change in net assets	**797,822**	152,732
Net assets at beginning of year	**4,562,847**	4,410,115
Net assets at end of year	**$ 5,360,669**	$ 4,562,847

The accompanying notes are an integral part of these consolidated financial statements.

THE OPPORTUNITY ALLIANCE AND AFFILIATES

Consolidated Statements of Functional Expenses

Years Ended June 30, 2019 and 2018

2019

	Program Services			Supporting Services		
	The Opportunity Alliance	Ingraham Housing Corp.	Total Program	Administrative	Fundraising	**Total**
Salaries	$ 14,062,007	$ -	$ 14,062,007	$1,812,010	$ 146,665	**$ 16,020,682**
Payroll taxes and benefits	3,982,856	-	3,982,856	470,596	37,654	**4,491,106**
Consultants/professional services	916,622	3,631	920,253	274,117	25,137	**1,219,507**
Client support	1,143,541	-	1,143,541	191	24,560	**1,168,292**
Purchased services	980,605	-	980,605	-	-	**980,605**
Volunteer	451,613	-	451,613	-	-	**451,613**
Home repair and heating	12,433	-	12,433	-	-	**12,433**
Equipment and vehicle	80,753	-	80,753	3,431	1,685	**85,869**
Supplies and janitorial	642,728	-	642,728	13,929	27,651	**684,308**
Insurance	165,963	-	165,963	17,710	1,106	**184,779**
Rent	352,640	-	352,640	30,684	6,827	**390,151**
Utilities	487,002	-	487,002	5,751	3	**492,756**
Maintenance	739,986	-	739,986	6,679	-	**746,665**
Travel	288,012	-	288,012	9,965	2	**297,979**
Staff development	114,068	-	114,068	36,907	1,006	**151,981**
Taxes	345,599	-	345,599	-	-	**345,599**
In-kind	336,542	-	336,542	-	69,494	**406,036**
Miscellaneous	259,337	-	259,337	123,961	31,313	**414,611**
Depreciation	451,354	81,067	532,421	3,622	-	**536,043**
Interest expense	173,821	57,866	231,687	54,694	-	**286,381**
Total expenses	**$ 25,987,482**	**$ 142,564**	**$ 26,130,046**	**$2,864,247**	**$ 373,103**	**$ 29,367,396**

2018

	Program Services			Supporting Services		
	The Opportunity Alliance	Ingraham Housing Corp.	Total Program	Administrative	Fundraising	Total
Salaries	$ 13,223,534	$ -	$ 13,223,534	$ 2,002,346	$ 187,267	$ 15,413,147
Payroll taxes and benefits	3,892,795	-	3,892,795	527,566	54,868	4,475,229
Consultants/professional services	1,052,444	19,407	1,071,851	245,095	16,552	1,333,498
Client support	805,643	-	805,643	567	26,915	833,125
Purchased services	662,494	-	662,494	-	-	662,494
Volunteer	426,830	-	426,830	-	-	426,830
Home repair and heating	51,460	-	51,460	-	-	51,460
Equipment and vehicle	95,210	-	95,210	7,578	2,171	104,959
Supplies and janitorial	671,683	-	671,683	35,983	15,600	723,266
Insurance	182,746	-	182,746	25,440	1,760	209,946
Rent	328,717	-	328,717	6,501	3,427	338,645
Utilities	466,905	36	466,941	6,149	-	473,090
Maintenance	778,735	-	778,735	1,047	-	779,782
Travel	272,598	-	272,598	16,405	192	289,195
Staff development	114,816	-	114,816	44,125	1,190	160,131
Taxes	315,333	1,182	316,515	-	-	316,515
In-kind	373,142	-	373,142	-	130,740	503,882
Miscellaneous	208,659	-	208,659	148,102	37,093	393,854
Depreciation	460,600	74,826	535,426	4,033	-	539,459
Interest expense	176,378	62,603	238,981	46,617	-	285,598
Total expenses	$ 24,560,722	$ 158,054	$ 24,718,776	$ 3,117,554	$ 477,775	$ 28,314,105

The accompanying notes are an integral part of these consolidated financial statements.

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Consolidated Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 797,822	$ 152,732
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	539,174	542,590
Loss (gain) on sale of property and equipment	(364,542)	31,396
Noncash expenses on sale of property and equipment	-	21,177
Realized and unrealized gains on investments	(193,142)	(137,537)
Bad debt expense	37,983	70,416
Decrease (increase) in		
Accounts receivable	476,335	(174,703)
Grants receivable	137,922	(968,910)
Prepaid expenses and supplies	46,407	11,505
Assets whose use is limited, required for current liabilities	(1,613)	1,464
Pledges receivable	35,847	6,923
Increase (decrease) in		
Accounts payable and accrued expenses	131,525	(23,702)
Third party settlements	(260,240)	(298,026)
Due to State of Maine	(1,187)	137
Deferred revenue	(138,181)	(321,939)
Accrued payroll and related liabilities	13,886	127,481
Security deposits and other liabilities	2,382	(611)
Net cash provided (used) by operating activities	1,260,378	(959,607)
Cash flows from investing activities		
Purchase of property and equipment	(402,139)	(144,386)
Proceeds from sale of property and equipment	352,482	62,149
Notes receivable repayments	501,584	4,531
Net (deposits to) withdrawals from assets whose use is limited	(343,008)	24,182
Net purchases of investments	(5,749)	(42,496)
Net cash provided (used) by investing activities	103,170	(96,020)
Cash flows from financing activities		
Principal payments on long-term debt	(238,146)	(248,690)
Payments on capital lease obligations	(105,357)	(66,005)
Net (repayments) advances on line of credit	(1,068,941)	1,200,721
Net cash (used) provided by financing activities	(1,412,444)	886,026
Net decrease in cash and cash equivalents	(48,896)	(169,601)
Cash and cash equivalents, beginning of year	105,858	275,459
Cash and cash equivalents, end of year	$ 56,962	$ 105,858

The accompanying notes are an integral part of these consolidated financial statements.

Nature of Activities

The Opportunity Alliance and Affiliate (Organization) provide advocacy and support for families and children, early childhood education and child care, nutrition programming, crisis intervention and prevention, substance abuse and co-occurring disorder treatment, information and referral, and place-based community programming that strengthens neighborhoods. The Organization is comprised of 62 integrated community-based and clinical programs serving more than 20,000 people annually and is the state's designated crisis services provider for Cumberland County. The Organization provides mental health services through crisis response programs, residential mental health treatment facilities, case management programs for children, youth, and adults, and therapeutic foster care programs. The Organization is a co-occurring competent agency offering programs for individuals attempting to recover from substance use and mental health co-occurring disorders, and is a leader in peer-to-peer and parent-to-parent partnering supports and services.

The Organization's programming blends evidence-based practices with practical experience and community resources because the Organization believes that the pathway to healthier families is forged with an integrated continuum of supports and services and the building of partnerships with community organizations and nontraditional partners. To that end, the Organization believes it is critical to convene all members of a community so that collectively they can impact the fundamental factors that place families and communities at risk, such as housing instability and food insecurity, high rates of substance abuse and co-occurring substance use and mental health disorders, and domestic violence.

A fundamental aspect to the Organization's mission is to keep families intact, in stable homes, and integrated into a neighborhood community where all family members can thrive and pursue their aspirations. Therefore, the Organization places a particularly high value on services and supports that empower families to move out of isolation and connect with their community. The Organization supports families by first encouraging them to define their needs and then connecting the family to informal and formal supports and services in their own neighborhoods. To that end, it has fostered many collaborative partnerships with groups that have become valuable resources for the families who come to them for help. These include DHHS, the Department of Corrections, Mercy Hospital, The City of Portland, THRIVE and Youth MOVE Maine, Preble Street Resource Center, Maine Parent Federation, Kids First, and many others across the state.

The Opportunity Alliance is the administrator and lead partner of the innovative Community Partnerships for Protecting Children (CPPC). CPPC works with residents to build community in distressed neighborhoods, helps eliminate silos between providers, and has developed relationships with a broad range of people, organizations, and community institutions. CPPC is at work in nine neighborhoods in Southern Maine engaging community partners to become a strong infrastructure of informal supports in their neighborhoods.

The Organization is also a participant in The Maine Children's Trauma Response Initiative, a statewide trauma-informed system of care for children who are suffering as a result of exposure to violence and other traumas. In addition, the Organization provides comprehensive clinical services and has for many years provided evidence-based trauma-informed practices through its work at Long Creek Youth Development Center, in its residential treatment programs, and statewide Children's Mental Health

Case Management program. The Organization staff is trained and highly skilled in an array of evidence-based practices including: Trauma-Focused Cognitive Behavioral Therapy (providing for the distinct needs of girls or boys who have experienced trauma); Cognitive Behavioral Therapy; Motivational Interviewing; Cognitive Skills Building; Risk Reduction; Anger Replacement Therapy; Stress Management Therapy and; Child-Parent Psychotherapy.

Ingraham Housing Corporation, Inc. (IHC) is a separate corporation established to develop and own community based housing. It has received Community Housing Development Organization status with Maine State Housing Authority (MSHA). IHC is controlled by The Opportunity Alliance financially and through common Board membership. Accordingly, it has been included in the Organization financial statements.

1. Summary of Significant Accounting Policies

Basis of Accounting

The Organization's consolidated financial statements have been prepared using the accrual method of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Basis of Presentation

The accompanying financial statements of the Organization have been prepared in accordance with GAAP, which require 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 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, whereby the donor has stipulated the funds be maintained in perpetuity.

For purposes of display, peripheral or incidental transactions are reported as other changes in net assets.

Principles of Consolidation

The consolidated financial statements include the accounts of The Opportunity Alliance and IHC. All material intercompany balances and transactions have been eliminated in consolidation.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk from cash and cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts in accounts receivable through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Grants receivable are considered fully collectible.

Property and Equipment

Property and equipment are stated at cost, except for donated assets which are recorded at fair value at the date of donation. Depreciation on equipment and vehicles is calculated on a straight-line basis using estimated useful lives of 3 to 7 years. Building and building improvements are depreciated on a straight-line basis over estimated useful lives of 15 to 50 years.

Investments

Investments are recorded at fair value. Donated securities are recorded as contribution revenue at their fair value on the date received from the donor.

Debt Issuance Costs

Debt issuance costs are being amortized into interest expense over the terms of the related loans using the straight-line method and are reported with long-term debt.

Contributions

All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Support and Revenue

Governmental grants are provided to support specific programs and are subject to various budgetary restrictions. Grants received are expended within the time stated in the guidelines of the grant. Grant revenue earned, but not yet received, is recorded as grants receivable, and funds received, but not yet earned, are recorded as deferred revenue.

MaineCare revenue represents amounts billed to the State of Maine Medicaid program for reimbursable services to clients. Client service revenue billed to MaineCare is subject to audit and retroactive adjustment. Estimated MaineCare cost settlements have been recorded in the year that the services were provided.

Donated Services and Materials

Certain services and materials have been donated in-kind to the Organization. The estimated value of these services and materials has been reflected in the accompanying financial statements as contributions with a like amount included in expenses such as program and supporting services expenses.

Statements of Cash Flows

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, except for cash restricted by an outside party.

In 2019, the Organization sold a property which resulted in noncash proceeds of $129,336: long-term debt of $100,233 and selling expenses of $29,103 were assumed by the buyer. In 2018, the Organization sold a property which resulted in noncash proceeds of $264,264: long-term debt of $243,087 and selling expenses of $21,177 were assumed by the buyer.

In 2019, the Organization acquired property and equipment in exchange for long-term debt totaling $1,040,000.

Cash paid for interest was $286,050 and $284,567 for the years ended June 30, 2019 and 2018, respectively.

Functional Expenses

The financial statements report certain expense categories that are attributable to one or more program or supporting functions of the Organization. Those expenses include but are not limited to payroll and employee benefits, professional services, facilities, information technology, supplies, and equipment. The Organization charges all allowable direct costs, those that can be identified specifically with a particular cost objective, directly to programs, grants, or activities. Allowable direct costs that benefit more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated such as time spent, usage, square footage, payroll and full-time equivalents. General and administrative costs, those that benefit all programs and cannot be identified with a specific program, are allocated using direct costs.

Income Tax Status

The Opportunity Alliance and Ingraham Housing Corporation, Inc. are exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

Subsequent Events

For purposes of the preparation of these financial statements, the Organization has considered transactions or events occurring through October 22, 2019, the date the financial statements were available to be issued.

Recently Adopted Accounting Pronouncement

In 2019, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which makes targeted changes to the not-for-profit financial reporting model. The new ASU marks the completion of the first phase of a larger project aimed at improving not-for profit financial reporting. Under the new ASU, net asset reporting is streamlined and clarified. The existing three category classification of net assets is replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." New disclosures highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. The ASU also imposes several new requirements related to reporting expenses. The adoption of the ASU had no impact on previously reported total net assets.

2. Availability and Liquidity of Financial Assets

The Organization's funding is substantively derived from Federal and State contracts. This funding is designated for the respective programs which are ongoing and central to the Organization's annual operations. The vast majority of these contracts are funded on a reimbursement basis, meaning costs are incurred and cash is outlaid prior to receipt of funding. Therefore, it is imperative that the Organization manages its liquidity and reserves in order to fund near-term operating needs and to provide reasonable assurance that long term obligations will be met. To accomplish its goal, the Organization uses a series of performance measures and benchmarks, monitored monthly by management, the Finance Committee, and the Board of Directors. As financial and operating conditions change, the Organization adapts its measures accordingly using a data driven model to identify needed changes.

The Organization monitors program performance, as well as revenue, expense, ratios, and related data monthly. The overall performance year-to-date is compared to a long term business plan allowing the Organization to adjust operations in a timely manner, and prioritize its long term strategies. Liquidity is a key component of the business plan, and the Organization was in compliance with its self-imposed plan goals at June 30, 2019.

The following table shows the financial assets held by the Organization and amounts that could be made readily available within one year to meet general expenditures:

	2019	2018
Cash and cash equivalents	**$ 56,962**	$ 105,858
Investments	**2,043,153**	1,844,262
Accounts receivable	**578,724**	1,093,043
Grants receivable	**1,934,929**	2,072,851
Assets whose use is limited	**1,083,175**	738,554
Pledges receivable	**-**	35,847
Notes receivable	**1,379**	502,963
Total financial assets	**5,698,322**	6,393,378
Less Board designated and donor restricted endowment funds	**(2,043,153)**	(1,844,262)
Less assets whose use is limited	**(1,083,175)**	(738,554)
Less revolving loan fund notes receivable	**(1,379)**	(2,963)
Financial assets available to meet cash needs for general expenditures within one year	**$ 2,570,615**	$ 3,807,599

The Organization holds endowment funds consisting of donor restricted and quasi, or Board Restricted, funds. The donor restricted funds are to be held in perpetuity and are not available for general operating expenditures. The quasi endowed funds, derived from the sale of property, were designated as such by Board action. The intent of the Board was to hold the funds for long term investment and growth; however, these funds could be made available if necessary. Certain deposits within the investment portfolio have time restrictions which could reduce the amounts that may be made available. In addition, as described in Note 7, the Organization maintains a line of credit which can be drawn upon on a rolling basis.

3. Notes Receivable

Through a gift from the Portland Young Women's Christian Association, the Organization established a revolving loan fund to promote self reliance, innovation, and business development. Loans are awarded at a fixed 4% rate of interest to qualified applicants. Interest income is accrued monthly using the compound interest method using a 365-day year. Outstanding loans from the fund totaled $1,379 and $2,963 at June 30, 2019 and 2018, respectively.

As a result of a sale of property during 2017, the Organization had an unsecured $500,000 note receivable that bore interest at 3% annually through May 30, 2018, increasing to 6% from June 1, 2018 through May 30, 2019. The receivable was repaid in full during October 2018.

4. Assets Whose Use is Limited

Assets whose use is limited consist of the following:

	2019	2018
Debt service fund	**$ 213,877**	$ 212,264
Restricted cash, MSHA	**510,340**	426,324
Restricted cash, donor	**358,958**	99,966
	1,083,175	738,554
Less amount required for current liabilities	**213,877**	212,264
	$ 869,298	$ 526,290

The Organization maintains separate reserve accounts for repairs and maintenance as required by the long-term debt agreements with MSHA. The Organization also maintains debt service accounts with bond trustees as required by the long-term debt agreement with Maine Health and Higher Educational Facilities Authority (MHHEFA). The Organization is required to make monthly deposits of principal and interest sufficient to enable semi-annual interest payments and annual principal payments to be made when due.

5. Investments

Investments at fair value consist of the following:

	2019	2018
Cash and short-term investments	**$ 110,299**	$ 117,597
Equity mutual funds	**304,516**	233,224
Fixed income mutual funds	**488,646**	463,081
Exchange traded products	**90,355**	125,760
Common stocks	**1,028,892**	877,208
Other	**20,445**	27,392
	$ 2,043,153	$ 1,844,262

The purpose of the investment fund is to provide spendable income to present and future beneficiaries of the Organization, with neither group favored at the expense of the other. The basic objectives of the Organization's investment policy are:

- To maintain the real market value of the assets, after inflation, while recognizing that security price gyrations may keep market values over- or under-priced for several years at a time.

- To have the spendable income stream be somewhat predictable in the near term, and to have the real spendable income not decline significantly at any time.

The target asset mix developed and periodically reviewed is as follows:

Asset Class	Range (Min-Max)
Equities	30% - 70%
Fixed income securities	30% - 60%
Cash and cash equivalents	0% - 15%

The Board's primary long-term investment objective for the equity portion of the fund is to provide a dividend stream that grows at least as fast as the inflation rate stated in the Consumer Price Index for Urban Consumers. The objective of the bond portfolio is to provide a higher income stream to supplement current income from stocks and to dampen overall portfolio volatility.

Investment income is comprised of the following

	2019	2018
Unrealized and realized gains	**$ 193,142**	$ 137,537
Interest and dividends	**8,569**	31,837
	$ 201,711	$ 169,374

6. Fair Value Measurements

GAAP defines fair value 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. GAAP also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets and liabilities measured at fair value on a recurring basis are summarized below.

	Fair Value Measurements at June 30, 2019 Using:			
	Total	Level 1	Level 2	Level 3
Investments:				
Cash and short-term investments	**$ 110,299**	**$ 110,299**	**$ -**	**$ -**
Capital growth				
Equity mutual funds	**304,516**	**304,516**	**-**	**-**
Exchange traded products	**90,355**	**90,355**	**-**	**-**
Common stocks	**1,028,892**	**1,028,892**	**-**	**-**
Total capital growth	**1,423,763**	**1,423,763**	**-**	**-**
Income generation				
Fixed income mutual funds	**488,646**	**488,646**	**-**	**-**
Other	**20,445**	**-**	**-**	**20,445**
	$ 2,043,153	**$ 2,022,708**	**$ -**	**$ 20,445**

	Fair Value Measurements at June 30, 2018 Using:			
	Total	Level 1	Level 2	Level 3
Investments:				
Cash and short-term investments	$ 117,597	$ 117,597	$ -	$ -
Capital growth				
Equity mutual funds	233,224	233,224	-	-
Exchange traded products	125,760	125,760	-	-
Common stocks	877,208	877,208	-	-
Total capital growth	1,236,192	1,236,192	-	-
Income generation				
Fixed income mutual funds	463,081	463,081	-	-
Other	27,392	-	-	27,392
	$ 1,844,262	$ 1,816,870	$ -	$ 27,392

Significant activity for the years ended June 30, 2019 and 2018, for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3), is as follows:

	2019	2018
Investments at July 1	**$ 27,392**	$ 29,110
Withdrawals	**(9,382)**	(4,273)
Investment gains	**2,435**	2,555
Investments at June 30	**$ 20,445**	$ 27,392

The Level 3 assets are comprised of the Organization's allocable share of a real estate investment trust as of June 30, 2019 and 2018.

7. Line of Credit

The Opportunity Alliance has a $3,300,000 line of credit with TD Bank. This line of credit is collateralized by a first security interest in substantially all business assets of the Organization up to a maximum of $1,000,000. Any remaining outstanding balance is subordinate to the MHHEFA debt. This credit facility carries an interest rate of Wall Street prime plus one-quarter percent, 5.75% at June 30, 2019. The line expires and is renewable at the bank's discretion on March 31, 2020.

8. Long-Term Debt

Long-term debt consists of the following:

	2019	2018
The Opportunity Alliance		
Tax-exempt revenue bonds issued by MHHEFA, interest ranging from 3.0% - 5.0%, principal maturing in annual amounts ranging from $145,000 to $255,000 through July 2035, with unamortized premium of $138,277 as of June 30, 2019; collateralized by real estate and equipment.	**$ 3,188,240**	$ 3,336,881
Note payable to MSHA, due in monthly payments of $3,441, including interest fixed at 7% through July 2030; collateralized by real estate.	**316,141**	334,595
Note payable to MSHA, due in monthly payments of $1,478, including interest fixed at 2% through December 2024; collateralized by real estate. The property was sold in 2019 and the note was paid in full.	**-**	108,055
Note payable to MSHA, due in monthly payments of $719, including interest fixed at 6% through September 2039; collateralized by property, building and assignment of leases and rent.	**101,068**	103,557
Note payable to MSHA, due in one interest-free balloon payment in August 2039; collateralized by property, building and assignment of leases and rent.	**173,785**	173,785

	2019	2018
Note payable to MSHA, with no scheduled payments, to be forgiven in the year 2039, as long as the building operates as transitional housing for people who are homeless.	**66,500**	66,500
Note payable to MSHA with no scheduled payments, to be forgiven in 2029; collateralized by mortgage and security agreement on property, as long as the building operates as an emergency youth shelter.	**135,000**	135,000
Ingraham Housing Corporation, Inc.		
Note payable to MSHA, due in monthly payments of $1,817, including interest fixed at 2% through May 2026; collateralized by real estate.	**147,064**	165,729
Note payable to MSHA, due in monthly payments of $1,761, including interest fixed at 8% through December 2026; collateralized by real estate.	**118,082**	129,277
Note payable to MSHA, due in monthly payments of $2,505, including interest fixed at 7% through October 2031; collateralized by real estate.	**254,084**	260,098
Note payable to MSHA, due in monthly payments of $4,039, including interest fixed at 7% through August 2029; collateralized by real estate.	**351,876**	374,836
Note payable to MSHA with no scheduled payments to be forgiven ratably annually through 2026, as long as the building operates as a residential facility for youth.	**14,350**	16,742
Note payable to the City of Portland with no scheduled payments, to be forgiven in the year 2026, as long as the building operates as a residential facility for youth.	**140,700**	140,700
Note payable to MSHA with no scheduled payments, to be forgiven in the year 2031, as long as the building operates as a residential facility for youth.	**150,000**	150,000
Note payable to bank, due in monthly payments of $5,614, including interest fixed at 5.92% through October 2028, when interest changes to the U.S. Prime Rate through maturity in October 2048; collateralized by real estate.	**928,095**	-

	2019	2018
Note payable to bank, interest only through October 2019. Commencing in November 2019 monthly payments due of $2,144, including interest fixed at 6.24% through October 2024; collateralized by real estate.	**110,000**	-
	6,194,985	5,495,755
Unamortized debt issuance costs	**50,095**	53,226
Less current portion	**260,903**	241,727
Long-term debt, net of current portion	**$ 5,883,987**	$ 5,200,802

Principal maturities of long-term debt at June 30 are as follows:

2020	$ 260,903
2021	284,900
2022	298,100
2023	314,000
2024	326,300
Thereafter	4,710,782
	$ 6,194,985

The MHHEFA bond agreement and various debt agreements contain various restrictive covenants limiting the Organization in the buying and selling of significant assets or incurring new significant debt, along with stipulated events of default. In addition to the payment of an annual administrative fee, the Organization must also maintain certain financial ratios, the most significant of which is the maintenance of the ratio of income available for debt service to annual debt service of at least 1.15. At June 30, 2019, the Organization was in compliance with the financial covenant.

9. Capital Leases

During the year ended June 30, 2014, the Organization entered into two capital lease agreements for copier machines with monthly payments of $1,110 and $462, respectively. Both of these leases expired in 2019 and were replaced. During the year ended June 30, 2017, the Organization entered into capital lease agreements for an information technology infrastructure upgrade and new computers with total monthly lease payments of $3,449. These leases expire in 2021 and 2022, respectively. During the year ended June 30, 2018, the Organization entered into capital lease agreements for new computers with monthly payments of $2,874 and copier machines with monthly payments of $480. These leases expire in 2021 and 2023, respectively.

During the year ended June 30, 2019, the Organization entered into three capital lease agreements for copier machines with monthly payments of $196, $260, and $2,019, respectively. Two of these leases expire in 2023 and the other expires in 2024. Also during the year ended June 30, 2019, the Organization entered into capital lease agreements for new computers with monthly payments of $1,544. These agreements expire in 2022. The assets are depreciated over the lower of their related lease terms of their estimated useful lives. Depreciation of assets under capital leases is included in depreciation expense and was $82,601 and $57,793 for 2019 and 2018, respectively.

The following is a summary of equipment held under capital leases:

	2019	2018
Equipment	**$ 535,354**	$ 475,597
Less accumulated depreciation	**309,562**	226,961
Net equipment held under capital leases	**$ 225,792**	$ 248,636

Future minimum lease payments are as follows:

2020	$ 129,871
2021	115,500
2022	85,754
2023	32,580
2024	1,960
Total	365,665
Less amount representing interest	29,689
	335,976
Less current portion	114,769
Capital lease payable, net of current portion	$ 221,207

10. Commitments and Contingencies

Operating Leases

The Organization leases various space and office equipment under operating leases with current lease and related maintenance payments ranging from $17 to $12,000 per month, with expiration dates through 2027.

Lease expense for the years ended June 30, 2019 and 2018 was approximately $641,000 and $609,000, respectively.

Approximate future minimum payments under non-cancelable operating leases having initial or remaining terms in excess of one year as of June 30, 2019 are as follows:

2020	$ 408,000
2021	405,000
2022	404,000
2023	377,000
2024	366,000
Thereafter	968,000
	$ 2,928,000

Land Lease

During the year ended June 30, 2006, the Organization entered into a lease agreement to lease land and an existing barn structure to house the new Family Center and administrative offices. The lease agreement allows for significant improvements of the barn structure and new construction. The lease term is for 90 years, at which time the buildings and the improvement revert back to the lessor. Total lease payments of approximately $778,000 were paid during the year ended June 30, 2006. Prepaid lease amounts of approximately $450,000 and $328,000 are capitalized in land and buildings, respectively. No further payments are due under the lease. Prepaid lease amounts are being depreciated over the life of the underlying asset or the lease, whichever is shorter.

State and Federal Grant Programs

The Organization participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Third Party Settlements and Due to State of Maine

The Organization renders short-term and long-term residential care and services to children and individuals who are beneficiaries of the MaineCare program. The difference between the cost of this care, as defined by the "Principles of Reimbursement" which govern the programs, and the prospective rates of reimbursement received during the year, is determined by the filing of prescribed cost reports. This difference is payable to or receivable from the State of Maine. The estimated amounts due to or from the MaineCare program are reflected in the accompanying financial statements and are recorded as an increase or decrease to MaineCare revenue in the year the related services are rendered. This amount does not become final until the prescribed cost reports are examined and accepted to revenue in the year of final determination. Cost reports for 2018 and 2019 for all facilities have not yet been settled. Amounts included in due to the state of Maine represent amounts owed by the Organization due to overpayments on individual client accounts.

The Organization entered into a repayment agreement during October 2016 related to a DHHS Program Integrity Unit (PIU) audit which resulted in an overpayment debt in the crisis programs related to the period January 2007 through August 2011. The amount owed to DHHS under this audit was $91,221 and $364,989 at June 30, 2019 and 2018, respectively. These amounts are included in third party settlements in the accompanying consolidated statements of financial position. The repayment agreement bears no interest and is being paid in monthly installments of $22,814 through October 2019.

The Organization entered into a repayment agreement during October 2017 related to a DHHS PIU audit which resulted in an overpayment debt in the children's case management program related to the period September 2010 through August 2014. The amount owed to DHHS under this audit was $58,330 and $91,666 at June 30, 2019 and 2018, respectively. These amounts are included in third party settlements in the accompanying consolidated statements of financial position. The repayment agreement bears no interest and is being paid in quarterly installments of $8,334 through January 2021.

Litigation

The Organization is involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates these matters will be resolved without material adverse effect on the Organization's future financial position or results of operations.

11. Service Provider Tax

A Service Provider Tax of 6% is assessed on the "value" (i.e., sales price) of certain services provided including Private Non-Medical Institution services. The Organization's residential care and other mental health services are subject to this tax. Providers are taxed based on all revenue, regardless of source, received for the purpose of providing food, shelter and treatment. MaineCare is reimbursing facilities for their portion of the tax by increasing their direct care per diem rate. The portion of tax paid on revenue generated from private pay residents is not funded by MaineCare. Total service provider tax expense was $345,599 and $315,333 for the years ended June 30, 2019 and 2018, respectively.

12. Net Assets

Net assets with donor restrictions are as follows:

	2019	2018
Lee Perry Memorial Fund - opportunities for kids	**$ 11,296**	$ 19,172
D. Reardon - recreation for kids	**2,008**	12,951
Programs support	**540,752**	572,760
Derrah Scholarship Fund	**45,789**	45,013
Michael J. Tarpinian Opportunity Fund	**278,488**	-
Miscellaneous	**200,448**	175,702
Perpetual in nature	**30,500**	30,500
	$ 1,109,281	$ 856,098

13. Tax Deferred Annuity Plan

The Opportunity Alliance sponsors a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. The plan covers substantially all employees. The Organization matches employee contributions fifty cents on the dollar, up to 8% of an employee's salary. The expense for the years ended June 30, 2019 and 2018 was $260,561 and $251,830, respectively.

SUPPLEMENTARY INFORMATION

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Consolidating Statement of Financial Position

June 30, 2019

ASSETS	The Opportunity Alliance	Ingraham Housing Corp.	Total
Current assets			
Cash and cash equivalents	$ 56,962	$ -	$ 56,962
Accounts receivable, net	578,480	244	578,724
Grants receivable	1,934,929	-	1,934,929
Prepaid expenses and supplies	126,493	-	126,493
Assets whose use is limited, required for current liabilities	213,877	-	213,877
Due from (to) affiliates	476,772	(476,772)	-
Total current assets	3,387,513	(476,528)	2,910,985
Property and equipment			
Land	698,662	316,309	1,014,971
Building and building improvements	9,889,603	3,565,929	13,455,532
Equipment	2,382,174	-	2,382,174
Vehicles	292,441	-	292,441
Construction in progress	31,255	-	31,255
	13,294,135	3,882,238	17,176,373
Less accumulated depreciation	6,370,779	1,515,261	7,886,040
Net property and equipment	6,923,356	2,366,977	9,290,333
Other assets			
Notes receivable	1,379	-	1,379
Assets whose use is limited, net of amount required for current liabilities	478,671	390,627	869,298
Investments	2,043,153	-	2,043,153
Total other assets	2,523,203	390,627	2,913,830
Total assets	$ 12,834,072	$ 2,281,076	$ 15,115,148
LIABILITIES AND NET ASSETS (DEFICIT)			
Current liabilities			
Current portion of long-term debt	$ 167,429	$ 93,474	$ 260,903
Current portion of capital leases payable	114,769	-	114,769
Accounts payable and accrued expenses	819,510	-	819,510
Line of credit	131,780	-	131,780
Third party settlements	372,756	-	372,756
Due to State of Maine	5,972	-	5,972
Deferred revenue	349,869	-	349,869
Accrued payroll and related liabilities	1,531,415	-	1,531,415
Security deposits and other liabilities	5,568	-	5,568
Total current liabilities	3,499,068	93,474	3,592,542
Long-term liabilities, net of current portion			
Long-term debt, premium on bonds and unamortized debt issuance costs	3,763,210	2,120,777	5,883,987
Capital leases payable	221,207	-	221,207
Third party settlements	24,994	-	24,994
Deferred revenue	-	31,749	31,749
Total long-term liabilities	4,009,411	2,152,526	6,161,937
Total liabilities	7,508,479	2,246,000	9,754,479
Net assets (deficit)			
Without donor restrictions	4,313,496	(62,108)	4,251,388
With donor restrictions	1,012,097	97,184	1,109,281
Total net assets (deficit)	5,325,593	35,076	5,360,669
Total liabilities and net assets	$ 12,834,072	$ 2,281,076	$ 15,115,148

THE OPPORTUNITY ALLIANCE AND AFFILIATE

Consolidating Statement of Activities

Year Ended June 30, 2019

	The Opportunity Alliance	Ingraham Housing Corp.	Eliminations	Total
Changes in net assets without donor restrictions				
Support and revenue without donor restrictions				
MaineCare and Medicare	$ 10,263,883	$ -	$ -	$ 10,263,883
Adjustments to prior year third party settlements	(28,754)	-	-	(28,754)
Grants from government agencies	15,277,825	-	-	15,277,825
Grants from United Way	435,089	-	-	435,089
Other grant revenue	1,012,667	-	-	1,012,667
DHHS room and board	12,742	-	-	12,742
Private revenue - fee-for-service	426,321	-	-	426,321
Contributions	179,147	-	-	179,147
In-kind donations	391,005	-	-	391,005
Miscellaneous	93,026	4,840	-	97,866
Investment income	200,271	1,440	-	201,711
Lease revenue	269,745	140,742	(140,742)	269,745
Total support and revenue before net assets released from restrictions	28,532,967	147,022	(140,742)	28,539,247
Net assets released from restrictions				
Satisfaction of time and purpose restrictions	1,007,703	543	-	1,008,246
Total support and revenue	29,540,670	147,565	(140,742)	29,547,493
Expenses				
Program services	26,128,224	142,564	(140,742)	26,130,046
Supporting services				
Administrative	2,864,247	-	-	2,864,247
Fundraising	373,103	-	-	373,103
Total supporting services	3,237,350	-	-	3,237,350
Total expenses	29,365,574	142,564	(140,742)	29,367,396
Increase in net assets without donor restrictions before other changes	175,096	5,001	-	180,097
Other changes				
Gain on sale of property and equipment	364,542	-	-	364,542
Increase in net assets without donor restrictions	539,638	5,001	-	544,639
Changes in net assets with donor restrictions				
Contributions	1,163,702	97,727	-	1,261,429
Net assets released from restrictions	(1,007,703)	(543)	-	(1,008,246)
Increase in net assets with donor restrictions	155,999	97,184	-	253,183
Change in net assets (deficit)	695,637	102,185	-	797,822
Net assets (deficit) at beginning of year	4,629,956	(67,109)	-	4,562,847
Net assets (deficit) at end of year	$ 5,325,593	$ 35,076	$ -	$ 5,360,669