THE OPPORTUNITY TREE

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2019 and 2018

Tull Forsberg & Olson
Professional Limited Liability Company
TF&O
Certified Public Accountants

THE OPPORTUNITY TREE

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Tull Forsberg & Olson
Professional Limited Liability Company
TF&O
Certified Public Accountants

February 20, 2020

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Opportunity Tree
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of The Opportunity Tree (a nonprofit organization; formerly Arizona Foundation for the Handicapped), which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, 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 financial statements.

John J. Tull
Franklin C. Forsberg
Lynn C. Olson
Philip D. Miller
Richard A. Kobasic
Keith C. Forsberg
Timothy J. Fyan
John D. Morse

5225 N. Central Ave. • Suite 220 • Phoenix, Arizona 85012
602 277-5447
FAX 602 285-9872

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INDEPENDENT AUDITORS' REPORT - CONTINUED

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 financial statements referred to above present fairly, in all material respects, the financial position of The Opportunity Tree as of June 30, 2019 and 2018, 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.

Tull Forsberg & Olson PLC

THE OPPORTUNITY TREE

STATEMENTS OF FINANCIAL POSITION
As of June 30, 2019 and 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	**$ 1,415,682**	$ 1,737,415
Accounts receivable, less allowance for doubtful accounts of $2,000	**1,369,761**	1,113,735
Prepaid expenses	**77,107**	48,611
Total Current Assets	**2,862,550**	2,899,761
INVESTMENTS	**2,822,529**	2,660,154
OTHER ASSETS		
Deposits	**54,461**	42,464
PROPERTY AND EQUIPMENT		
Land	**102,452**	102,452
Building	**2,139,887**	1,968,897
Office furniture and equipment	**293,138**	209,497
Vehicles	**481,881**	520,919
Construction in progress	**-**	24,403
	3,017,358	2,826,168
Less: Accumulated depreciation	**(2,164,490)**	(2,045,264)
Total Property and Equipment, Net	**852,868**	780,904
Operating lease right-of-use assets	**819,324**	745,322
TOTAL ASSETS	**$ 7,411,732**	$ 7,128,605

See Independent Auditors' Report.
The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable	**$ 132,647**	$ 62,111
Accrued expenses	**385,536**	343,997
Other current liabilities	**-**	26,070
Current portion of operating lease liabilities	**233,768**	169,294
Total Current Liabilities	**751,951**	601,472
LONG TERM LIABILITIES		
Other liabilities	**-**	2,370
Operating lease liabilities, net of current portion	**510,634**	531,197
Total Liabilities	**1,262,585**	1,135,039
NET ASSETS		
Without donor restrictions	**6,149,147**	5,993,566
With donor restrictions	**-**	-
Total Net Assets	**6,149,147**	5,993,566
TOTAL LIABILITIES AND NET ASSETS	**$ 7,411,732**	$ 7,128,605

THE OPPORTUNITY TREE

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2019 and 2018

	2019	2018
Support and Revenue:		
Fees from governmental agencies	**$12,622,239**	$12,657,261
Public sales	**369,579**	278,829
Contributions	**213,284**	76,889
Other	**14,757**	23,557
Unrealized gain on investments	**99,084**	44,098
Realized capital (loss)/gain	**(13,114)**	26,383
Gain/(loss) on sale of property and equipment	**37,231**	(37,111)
Interest income	**76,787**	63,654
Total Revenue	**13,419,847**	13,133,560
Expenses:		
Program Services:		
Day treatment and training	**2,382,327**	2,139,016
Employment related	**843,727**	793,144
Residential	**7,979,870**	7,664,124
Production	**649,317**	576,541
Transportation	**287,187**	243,820
	12,142,428	11,416,645
Management and general	**946,256**	897,149
Total Expenses Before Depreciation	**13,088,684**	12,313,794
Depreciation	**175,582**	197,200
Total Expenses	**13,264,266**	12,510,994
INCREASE IN NET ASSETS	**155,581**	622,566
NET ASSETS - BEGINNING OF YEAR	**5,993,566**	5,371,000
NET ASSETS - END OF YEAR	**$ 6,149,147**	$ 5,993,566

See Independent Auditors' Report.
The accompanying notes are an integral part of these financial statements.

THE OPPORTUNITY TREE

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Day Treatment and Training	Employment Related	Residential	Production	Transportation	Total Program Services	Management and General	**Total**
Salaries	$ 1,460,847	$ 622,811	$ 5,542,714	$ 401,751	$ 166,702	$ 8,194,825	$ 549,321	**$ 8,744,146**
Employee related expenses	400,507	123,125	1,426,377	112,699	46,639	2,109,347	217,475	**2,326,822**
Occupancy	232,410	12,558	527,504	82,493	-	854,965	17,853	**872,818**
Furniture and fixtures expenses	16,298	4,222	24,763	9,595	-	54,878	26,106	**80,984**
Supplies	91,003	2,885	227,847	18,146	-	339,881	6,026	**345,907**
Vehicle and travel	157,888	71,245	204,412	15,826	73,687	523,058	16,354	**539,412**
Communication and other	13,051	3,852	9,317	3,380	159	29,759	24,722	**54,481**
Professional services	10,323	3,029	16,936	5,427	-	35,715	88,399	**124,114**
	2,382,327	843,727	7,979,870	649,317	287,187	12,142,428	946,256	**13,088,684**
Depreciation	47,836	17,514	85,907	3,109	14,776	169,142	6,440	**175,582**
	$ 2,430,163	**$ 861,241**	**$ 8,065,777**	**$ 652,426**	**$ 301,963**	**$ 12,311,570**	**$ 952,696**	**$ 13,264,266**

See Independent Auditors' Report.
The accompanying notes are an integral part of these financial statements.

THE OPPORTUNITY TREE

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	Day Treatment and Training	Employment Related	Residential	Production	Transportation	Total Program Services	Management and General	**Total**
Salaries	$ 1,326,282	$ 539,483	$ 5,320,604	$ 417,423	$ 142,648	$ 7,746,440	$ 550,401	**$ 8,296,841**
Employee related expenses	378,293	100,869	1,483,257	127,581	39,755	2,129,755	108,602	**2,238,357**
Occupancy	159,758	69,585	408,726	-	-	638,069	12,240	**650,309**
Furniture and fixtures expenses	14,640	12,079	8,196	-	-	34,915	21,192	**56,107**
Supplies	91,802	10,285	243,041	3,658	-	348,786	19,256	**368,042**
Vehicle and travel	116,667	36,546	148,213	12,922	61,417	375,765	20,392	**396,157**
Communication and other	38,191	15,849	45,535	9,393	-	108,968	77,695	**186,663**
Professional services	13,383	8,448	6,552	5,564	-	33,947	87,371	**121,318**
	2,139,016	793,144	7,664,124	576,541	243,820	11,416,645	897,149	**12,313,794**
Depreciation	53,630	19,695	96,948	3,434	16,319	190,026	7,174	**197,200**
	$ 2,192,646	**$ 812,839**	**$ 7,761,072**	**$ 579,975**	**$ 260,139**	**$ 11,606,671**	**$ 904,323**	**$ 12,510,994**

See Independent Auditors' Report.
The accompanying notes are an integral part of these financial statements.

THE OPPORTUNITY TREE

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	**$ 155,581**	$ 622,566
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	**175,582**	197,200
(Loss) gain on sale of property and equipment	**(37,231)**	37,111
Net amortization of right-of-use assets and lease liability	**22,214**	6,939
Net unrealized (income) loss on investments	**(99,084)**	(44,098)
Net reinvested (income) loss from interest, dividends, gains and losses	**(63,291)**	(89,359)
(Increase) Decrease in Assets:		
Accounts receivable	**(256,026)**	(101,178)
Prepaid expenses	**(28,496)**	(17,903)
Deposits	**(11,997)**	1,175
Increase (Decrease) in Liabilities:		
Accounts payable	**70,536**	33,155
Other long-term payables	**(28,440)**	(28,440)
Accrued expenses	**41,539**	(32,954)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	**(59,113)**	584,214
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for right-of-use assets	**(52,305)**	(51,770)
Cash paid for purchases of fixed assets	**(247,546)**	(124,694)
Proceeds from sale of property and equipment	**37,231**	77,185
NET CASH USED IN INVESTING ACTIVITIES	**(262,620)**	(99,279)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(321,733)**	484,935
CASH AND CASH EQUIVALENTS		
Beginning of Year	**1,737,415**	1,252,480
End of Year	**$ 1,415,682**	$ 1,737,415

See Independent Auditors' Report.
The accompanying notes are an integral part of these financial statements.

THE OPPORTUNITY TREE

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

The Opportunity Tree (the "Organization") is an Arizona not-for-profit corporation whose primary mission is to provide quality individualized services to people with intellectual or developmental disabilities in dynamic and innovative environments. The Organization is committed to promoting the development of a society that fully embraces individuals with intellectual and developmental disabilities through inclusion, advocacy and opportunities. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. During 2018, the Organization changed its name from Arizona Foundation for the Handicapped to The Opportunity Tree to better convey its mission.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, whereby revenue and expenses are recorded as earned and incurred, respectively, without regard to the date of receipt or payment of cash.

Presentation of Net Assets
The accompanying financial statements are prepared in accordance with the requirements of the *Not-for-Profits* Topic of the FASB Accounting Standards Codification. Under those provisions, not-for-profit organizations are required to present net assets in two classes: with donor restrictions and without donor restrictions. Net assets of the restricted class are created by donor-imposed restrictions on their use. When a donor restriction expires, namely, when a stipulated time restriction ends or purpose restriction has been 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 restriction. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class. There are no net assets with donor restrictions noted in the current year.

Net Assets without Donor Restrictions
These are net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board.

Net Assets with Donor Restrictions
These are assets that are subject to donor-imposed restrictions. These include gifts as well as income and net gains and losses accruing on those gifts, whose use by the Organization is subject to donor-imposed stipulations. There were no such net assets noted in the current year.

THE OPPORTUNITY TREE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2019 and 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition
The Organization accounts for contributions under the provisions of the *Revenue Recognition* subtopic of the *Not-for-Profit Entities* topic of the FASB Accounting Standards Codification. Contributions received are recorded as donor restricted, or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated Services
Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair market values in the period received. During the years ended June 30, 2019 and 2018, the Organization did not receive donated services which met the criteria for recognition as donated services.

New Accounting Pronouncements
The Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities* during the year ended June 30, 2019. The standard is intended to improve net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows.

The standard requires the Organization to reclassify its net assets from three categories into two categories. It also requires enhanced disclosures for board designations, composition of net assets without donor restrictions, liquidity and expenses by both natural and functional classification. There were no temporarily or permanently restricted assets in the prior year subject to reclassification.

Net Asset Classification June 30, 2018	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Unrestricted	$5,993,566	$ -	$5,993,566
Temporarily restricted	-	-	-
Permanently restricted	-	-	-
Net Assets as Reported After Adoption of ASU 2016-14	$5,993,566	$ -	$5,993,566

THE OPPORTUNITY TREE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2019 and 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Cash and Cash Equivalents
The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property and Equipment
Property and equipment are recorded at cost or estimated fair market value for donated assets at the date of acquisition or donation, respectively. It is the Organization’s policy to capitalize expenditures for these items in excess of $1,000. Lesser amounts are expensed. Maintenance and repair costs that do not extend the lives of the related assets are expensed as incurred.

Depreciation is recorded over the estimated useful lives of depreciable assets using the straight-line method. The estimated useful lives range from three to thirty years. Depreciation expense for the years ended June 30, 2019 and 2018 amounted to $175,582 and $197,200, respectively.

Operating Lease Right-Of-Use Assets
Operating leases are included in operating lease right-of-use (ROU) assets and current and long term liabilities. ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. Operating lease ROU assets are recognized at the commencement date based on the present value of lease payments over the lease term. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Impairment of Long-Lived Assets
The Organization reviews its property and equipment whenever events indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recorded when the sum of the future cash flows is less than the carrying amount of the asset. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. No impairment loss has been recorded for property and equipment for the years ended June 30, 2019 and 2018.

Accounts Receivable
Accounts receivable are carried at original invoice less an estimate made for doubtful receivables based upon a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. A receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days.

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THE OPPORTUNITY TREE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2019 and 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments
The Organization accounts for its investments in accordance with *Not-for-Profit Entities - Investments - Debt and Equity Securities* and *Not-for-Profit Entities - Investments - Other* topics of the FASB Accounting Standards Codification. Under *Not-for-Profit Entities - Investments - Debt and Equity Securities*, the Organization is required to report marketable securities in equity securities that have readily determinable fair values, and all marketable securities in debt securities, at fair value. The fair value is based on quoted market prices. Under *Not-for-Profit Entities - Investments - Other*, partnership interests, stocks in closely held companies and real estate held for investment are recorded at fair value at the dates the investments were donated and are periodically revalued through the use of a third-party appraiser or other appropriate valuation methods, including the market and income approaches. Changes in value are shown as investment income or losses on the statement of activities.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

Federal Income Tax Status
The Organization has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is "not a private foundation" for tax purposes as it meets Section 509(a) requirements for public charity status. The Organization had no unrelated business taxable income. Accordingly, no income taxes have been provided for in the accompanying financial statements.

The Organization follows the provisions of the *Income Taxes* topic of the FASB Accounting Standards Codification when accounting for uncertainty in income taxes. The Organization believes it has no uncertain tax positions that qualify for either recognition or disclosure. As of June 30, 2019, due to statutes of limitations, the Organization is no longer subject to examination of its income tax returns by the federal and state authorities for years prior to 2016 and 2015, respectively.

Functional Allocation of Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The costs allocated among program and supporting services are based on management's estimate of the costs incurred to provide each service.

Subsequent Events
The date to which events occurring after June 30, 2019, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is February 20, 2020, which is the date on which the financial statements were available to be issued.

THE OPPORTUNITY TREE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2019 and 2018

NOTE 3. INVESTMENTS

The cost and estimated fair value, adjusted on a recurring basis based on quoted market prices in active markets for identical assets, of marketable equity and debt securities classified as trading securities for 2019 and 2018 are as follows:

	Cost	Fair Value	Cumulative Unrealized Change
June 30, 2019			
Equity securities	$1,074,751	$1,335,879	$ 261,128
Mutual funds	1,402,738	1,447,553	44,815
Money markets	39,097	39,097	-
	$2,516,586	$2,822,529	$ 305,943
June 30, 2018			
Equity securities	$ 367,133	$ 514,369	$ 147,236
Mutual funds	2,043,543	2,102,887	59,344
Money markets	42,898	42,898	-
	$2,453,574	$2,660,154	$ 206,580

Investments are subject to ongoing changes in market value. The amount ultimately realized may be more or less than amounts reported in these financial statements.

NOTE 4. FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of inputs other than quoted market prices included in Level 1 that are observable to valuing the asset either directly or indirectly. Observable inputs include quoted prices for similar assets in active or non-active markets. Level 3 inputs are unobservable and have the lowest priority. There are no Level 2 or 3 investments for the years ended June 30, 2019 and 2018.

The following tables summarize the valuation of the Organization's investments at fair value by the above standard:

THE OPPORTUNITY TREE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2019 and 2018

NOTE 4. FAIR VALUE MEASUREMENTS - Continued

	Fair Value	Fair Value Measurements Using: Quoted Prices In Active Markets for Identical Assets (Level 1)
June 30, 2019		
Equity Securities:		
Basic materials	$ 36,020	$ 36,020
Consumer goods	22,853	22,853
Financial	207,681	207,681
Healthcare	73,976	73,976
Industrial goods	39,526	39,526
Services	94,029	94,029
Technology	136,387	136,387
Utilities	9,048	9,048
Consumer cyclical	15,936	15,936
Industrials	4,795	4,795
Consumer defense	6,140	6,140
Energy	7,209	7,209
Financial services	15,373	15,373
Communication services	11,687	11,687
Large blend	362,264	362,264
Foreign large blend	26,872	26,872
Japan stock	83,318	83,318
Canada ETF	45,107	45,107
Europe stock	137,658	137,658
	1,335,879	1,335,879
Mutual Funds:		
Multisector bond	217,842	217,842
Intermediate-term bond	341,990	341,990
Short-term bond	54,519	54,519
Ultrashort	54,842	54,842
Corporate bond	53,776	53,776
World bond	502,081	502,081
Inflation-protected bond	27,602	27,602
Long-government	56,550	56,550
Intermediate government	54,553	54,553
Intermediate core bond	83,798	83,798
	1,447,553	1,447,553
Money markets	39,097	39,097
Total	$2,822,529	$2,822,529

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THE OPPORTUNITY TREE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2019 and 2018

NOTE 4. FAIR VALUE MEASUREMENTS - Continued

	Fair Value	Fair Value Measurements Using: Quoted Prices In Active Markets for Identical Assets (Level 1)
June 30, 2018		
Equity Securities:		
Basic materials	$ 44,005	$ 44,005
Consumer goods	23,321	23,321
Financial	96,120	96,120
Healthcare	71,990	71,990
Industrial goods	35,827	35,827
Services	85,989	85,989
Technology	127,165	127,165
Utilities	5,528	5,528
Consumer cyclical	7,060	7,060
Industrials	7,033	7,033
Consumer defense	2,805	2,805
Energy	5,196	5,196
Financial services	2,330	2,330
	514,369	514,369
Mutual Funds:		
Emerging markets bond	25,272	25,272
Foreign large blend	350,570	350,570
High yield bond	26,744	26,744
Large blend	284,468	284,468
Multisector bond	52,338	52,338
Intermediate-term bond	649,804	649,804
Large growth	32,575	32,575
Short-term bond	26,982	26,982
Ultrashort bond	53,780	53,780
Japan stock	56,462	56,462
Corporate bond	71,976	71,976
Foreign large value	51,821	51,821
World bond	393,119	393,119
Inflation-protected bond	26,976	26,976
	2,102,887	2,102,887
Money markets	42,898	42,898
Total	$2,660,154	$2,660,154

THE OPPORTUNITY TREE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2019 and 2018

NOTE 5. RIGHT-OF-USE LEASE COMMITMENTS

In 2016, the FASB issued a new standard related to leases to increase transparency and comparability among organizations by requiring the recognition of ROU assets and liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization has elected to early adopt the standard, effective July 1, 2017.

The most significant impact on the Organizations financial statements was the recognition of ROU assets and liabilities for the operating leases. Adoption of the standard requires the Organization to restate certain previously reported results, including the recognition of additional ROU assets and lease liabilities.

ROU assets and liabilities at June 30, 2019 include the following:

	Asset	Liability
Vehicles	$478,933	$401,361
Rental real estate	340,391	343,041
		744,402
	$819,324	
Less: Current portion		233,768
		$510,634

ROU assets and liabilities at June 30, 2018 include the following:

	Asset	Liability
Vehicles	$308,281	$262,862
Rental real estate	437,041	437,629
		700,491
	$745,322	
Less: Current portion		169,294
		$531,197

Future minimum lease payments at June 30, 2019, are as follows:

During the Years Ending June 30,	Total
2020	$233,768
2021	233,768
2022	200,639
2023	76,227
Thereafter	-
	$744,402

THE OPPORTUNITY TREE

NOTES TO FINANCIAL STATEMENTS - CONTINUED
For the Years Ended June 30, 2019 and 2018

NOTE 5. RIGHT-OF-USE LEASE COMMITMENTS - Continued

Additionally, the Organization leases certain residential buildings under various operating lease agreements which are cancelable upon short notice. Because of the short-term nature of these leases, they are exempt from the requirement for capitalization within the ROU assets and liabilities. For the years ended June 30, 2019 and 2018, rent expense under all leases totaled $313,733 and $276,926, respectively.

NOTE 6. ECONOMIC DEPENDENCY

The Organization receives a substantial amount of its support from governmental agencies. A significant reduction in the level of this support, if it were to occur, may have an effect on the Organization's programs and activities.

NOTE 7. CONCENTRATIONS OF CREDIT RISK

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and accounts receivable. The Organization maintains its cash in bank accounts, which, at times, may exceed federally insured limits. At June 30, 2019 and 2018, the Organization's bank balances exceeded federally insured limits by $1,180,154 and $1,543,980, respectively. Concentrations of credit risk with respect to receivables are limited due to the fact that they are due from governmental agencies.

NOTE 8. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 9. RETIREMENT PLAN

The Organization has a 401(k) retirement plan (the "Plan") covering all of the Organization's full-time employees upon attaining the age of 18 and completing one year of service. The Plan allows for employee contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The Organization may make a discretionary contribution to the Plan on an annual basis. For the years ended June 30, 2019 and 2018, the Board of Directors of the Organization did not approve any contributions to the plan.