

**Opportunities and Resources, Inc.**  
**Report on Audit of Financial Statements**

**Year Ended June 30, 2023**

***OPPORTUNITIES AND RESOURCES, INC.***

JUNE 30, 2023

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Opportunities and Resources, Inc.

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Opportunities and Resources, Inc. which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. 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.

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

## INDEPENDENT AUDITOR'S REPORT

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opportunities and Resources, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of Opportunities and Resources, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Opportunities and Resources Inc.'s internal control over financial reporting and compliance.

Dennis H. Ikawa, CPA, LLC  
Certified Public Accountant

Honolulu, Hawaii  
February 29, 2024

**OPPORTUNITIES AND RESOURCES, INC.**

**Statement of Financial Position**

**June 30, 2023**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 1,310,139
Client Custodial Fund	-
Client Trust Account	-
Accounts receivable , less allowance of \$16,500	762,896
Accounts receivable - clients cost share	10,192
Accounts receivable - other	1,061,516
Accounts receivable - interfund	2,317,330
Marketable securities	255,870
Prepaid expenses	4,343

**TOTAL CURRENT ASSETS** \$ 5,722,285

**RESTRICTED DEPOSITS AND FUNDED RESERVES**

Tenant security deposit	2,111
Replacements reserves	298,133
Residual receipts reserve	2,982
Other reserves	87,916

**TOTAL RESTRICTED DEPOSITS AND FUNDED RESERVES** 391,144

**ADVANCES TO RELATED PARTY**

796,363

**PROPERTY AND EQUIPMENT, NET OF  
accumulated depreciation**

511,940

**TOTAL ASSETS** \$ 7,421,731

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 1,855,860
Client Custodial Fund	375,782
Clients Trust	162,928
Current portion of long-term debt	64,596
Accounts payable - interfund	1,526,620
Accrued payroll and related liabilities	25,090
Deposits	1,957
Accrued interest	474

**TOTAL CURRENT LIABILITIES** 4,013,307

**TENANT SECURITY DEPOSITS**

2,113

**LONG-TERM DEBT, less current portion**

706,600

**TOTAL LIABILITIES** 4,722,019

**COMMITMENTS AND CONTINGENCIES**

**NET ASSETS**

Unrestricted 2,699,712

Total net assets 2,699,712

Total liabilities and net assets \$ 7,421,731

See accompanying notes to financial statements

**OPPORTUNITIES AND RESOURCES, INC.**

**Statement of Activities**

**Year Ended June 30, 2023**

	<u>Unrestricted</u>
Revenue and Other Support	
Revenues:	
Grant Revenue	\$ -
Program service fees	3,561,473
Rental revenue	715,937
Miscellaneous Rental revenue	163,456
Grants	-
Investment Income (loss)	21,386
Other income	25,344
Donations	40,265
Total revenues	<u>4,527,861</u>
TOTAL REVENUE	
Expenses	
Program Services	
HUD Program	142,934
FmHA Program	275,575
Residential Housing Program'	498,256
Adult care Program	1,062,125
Independent Care Program	2,412,712
DOM Program	79,898
Restricted Program	-
TOTAL PROGRAM SERVICES	<u>4,471,499</u>
Supporting services -	
Fundraising	28,937
Management and General	12,537
TOTAL EXPENSES	<u>4,512,973</u>
NON-OPERATING INCOME (EXPENSES):	
Interest subsidy income	63,965
Interest subsidy expense	<u>(63,965)</u>
	<u>-</u>
Changes in net assets	<u>14,888</u>
Net Assets, beginning of year	2,684,824
	-
Prior period adjustments	<u>-</u>
Net Assets, beginning of year, as restated	<u>2,684,824</u>
Net Assets, end of year	<u>\$ 2,699,712</u>

See accompanying notes to financial statements

**OPPORTUNITIES AND RESOURCES, INC.**

**Statement of Cash Flows**

**Year ended June 30, 2023**

**CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:**

Change in net assets	\$ 14,888
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	40,846
Unrealized gain on investments	-
Realized (gain) loss on investment	(17,555)
Investment expenses deducted from investment account	-
Reinvested interest and dividends	-
Decrease (increase) in assets and Increase (decrease) in liabilities:	
Accounts Receivable	(33,268)
Client Custodial Account	-
Client Trust Account	82,029
Accounts Receivable Related Party	(1,369,273)
Prepaid Expenses	(0)
Accounts receivable - clients cost share	9,106
Accounts receivable - related party receivable	(80,382)
Other receivable	(184,058)
Accounts payable	1,551
Clients Trust account	(212,854)
Clients Custodial account	238,932
Accounts payable - interfund	1,526,620
Deposits	-
Accrued interest	(243)
Accrued payroll	(24,129)
Advances from related party	-
Net cash provided (used) by operating activities	<u>(7,789)</u>

**CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:**

Purchase of vehicles	(44,830)
Purchase of buildings - Construction in progress	(34,555)
Purchase of equipment	(15,613)
Purchase of furniture and fixtures	0
Net transfers to tenant security deposit	7
Net transfers to replacement reserves	12,090
Net transfers to residual receipts reserve	6
Net transfers to other reserves	(1,216)
Repayment of advances to related party	0
Net cash provided (used) by investing activities	<u>(84,112)</u>

**CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:**

Proceeds from notes payable	0
Repayments of notes payable	(58,979)
Net cash provided (used) by financing activities	<u>(58,979)</u>
Net increase (decrease) in cash	(150,880)
Cash balance, beginning of year	<u>1,461,022</u>
Cash balance, ending of year	<u>\$ 1,310,139</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION AND NON-CASH FINANCING ACTIVITIES**

Cash paid during the year:	
Interest	\$ 8,016
Taxes	-

See accompanying notes to financial statements

OPPORTUNITIES AND RESOURCES, INC.

Statement of Functional Expenses

Year Ended June 30, 2023

	Program								Subtotal	Support		Total Expenses	
	HUD Program	FmHA Program	HV Residential Housing Program	H & CBS Adult Care Program	ICF MR(I) Program	Restricted Account	CHSP Account	DOM Program		Social Sec Program	Fund Raising		General and Administrative
Salaries & Wages	\$ -	\$ 17,460	\$ 122,390	\$ 700,706	\$ 1,575,948	\$ -	\$ -	\$ 28,800	\$ -	\$ 2,445,305	\$ -	\$ -	\$ 2,445,304.69
Payroll Tax	-	1,498	9,651	57,034	129,417	-	-	2,354	-	\$ 199,953	-	-	199,953
Payroll processing	-	-	421	2,497	5,294	-	-	99	-	\$ 8,311	-	-	8,311
Employee Benefit	-	-	-	920	3,880	-	-	-	-	\$ 4,800	-	500	5,300
Food service	-	-	-	-	-	-	-	-	-	\$ 0	-	-	-
Telephone	7,916	16,984	-	7,190	21,897	-	-	3,595	-	\$ 57,581	-	-	57,581
Client's Medical and dental	-	-	-	-	-	-	-	-	-	\$ 0	-	-	-
Client cost share	-	-	-	-	-	-	-	-	-	\$ 0	-	-	-
Client Meals	-	-	134,944	-	158,468	-	-	-	-	\$ 293,412	-	-	293,412
Repair and maintenance	5,160	6,420	-	3,923	12,675	-	-	1,961	-	\$ 30,139	-	-	30,139
Dues & subscription	-	-	-	-	-	-	-	-	-	\$ 0	-	-	-
House allowance	-	-	29,676	-	-	-	-	-	-	\$ 29,676	-	-	29,676
Interest	6,653	1,363	-	-	-	-	-	-	-	\$ 8,016	-	-	8,016
Investment expenses	-	-	-	-	-	-	-	-	-	\$ 0	-	3,177	3,177
Professional Service	12,696	-	27,351	-	66,126	-	-	-	-	\$ 106,173	-	-	106,173
Maintenance Fees	20,880	60,000	-	-	-	-	-	-	-	\$ 80,880	-	-	80,880
Management Fees	-	25,344	-	-	-	-	-	-	-	\$ 25,344	-	-	25,344
Audit expenses	-	9,405	25,951	1,524	7,184	-	-	-	-	\$ 44,064	6,096	-	50,160
Supplies and Materials	-	19,556	494	5,173	32,796	-	-	2,769	-	\$ 60,788	21,888	230	82,907
Postage	-	-	-	-	-	-	-	-	-	\$ 0	-	-	-
Rent - premises	-	-	132,709	54,000	-	-	-	15,600	-	\$ 202,309	-	-	202,309
Rent - equipment	-	-	-	127	-	-	-	64	-	\$ 191	-	-	191
Client incentives	-	-	-	-	-	-	-	-	-	\$ 0	-	-	-
Program activities	-	-	3,545	4,332	5,752	-	-	-	-	\$ 13,629	-	(400)	13,229
Depreciation	12,977	12,818	-	-	2,218	-	-	483	-	\$ 28,497	952	11,395	40,844
Insurance	10,039	15,301	2,772	179,368	329,440	-	-	12,730	-	\$ 549,649	-	(2,318)	547,331
Equipment Rent	-	-	-	-	-	-	-	-	-	\$ 0	-	-	-
Auto and client transportation	-	12,298	-	27,109	3,080	-	-	2,244	-	\$ 44,731	-	-	44,731
Advertising and promotion	-	-	-	-	-	-	-	-	-	\$ 0	-	-	-
Training	-	-	-	-	-	-	-	-	-	\$ 0	-	-	-
Utilities	37,914	47,267	8,203	13,158	40,072	-	-	6,579	-	\$ 153,194	-	(148)	153,046
License and Fees	928	2,076	-	1,873	9,254	-	-	936	-	\$ 15,068	-	-	15,068
Bank charge	58	72	150	-	-	-	-	88	-	\$ 368	-	102	470
Property tax	220	220	-	167	509	-	-	84	-	\$ 1,200	-	-	1,200
Taxes- other	-	-	-	-	-	-	-	-	-	\$ 0	-	-	-
Miscellaneous financial charges	-	-	-	-	-	-	-	-	-	\$ 0	-	-	-
Contract Services	27,492	27,492	-	3,024	8,702	-	-	1,512	-	\$ 68,223	-	-	68,223
	\$ 142,934	\$ 275,575	\$ 498,256	\$ 1,062,125	\$ 2,412,712	-	-	\$ 79,898	\$ -	\$ 4,471,499	\$ 28,937	\$ 12,537	\$ 4,512,973

See accompanying notes to financial statements

**(1) NATURE OF ORGANIZATION**

The organization was incorporated as a non-profit entity under the laws of the State of Hawaii in 1980. The organization provides essential social activities, medical services, education, working experience and low-income rental housing designed for these developmentally disabled persons. Funding for the organization is primarily through service fees, grants from the federal government and the State of Hawaii and rental revenue.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as described in the American Institute of Certified Public Accountants "Industry Guide for Audits of Voluntary Health and Welfare Organizations". Accordingly, the financial statements are prepared on an accrual basis of accounting.

**Financial Statement Presentation**

The organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Non-Profit Organizations". Under SFAS No. 117, in accordance with accounting principles generally accepted in the United States of America, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted; temporarily restricted, and permanently restricted.

**Contributions**

Contributions are recognized in accordance with SFAS No. 116, "Accounting for Contributions received and Contributions made," whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of restrictions.

**Client Service Revenue**

Client service revenue is reported at reported at the net realizable amounts from clients, third party payers, and other for services rendered.

**Allocated Expenses**

Functional expenses have been allocated between program services and supporting services based on personnel time and space utilized for the related services.

**Property and Equipment**

Office furniture and equipment and property are stated at cost The organization capitalizes all acquisitions in excess of \$1,000. Depreciation are computed over estimated useful lives of the assets which are five to forty years.

**Opportunities and Resources, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Organization has been classified as other than a Private Foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated tax business income.

On July 01, 2009, The Organization adopted the application of the uncertain tax positions provisions of FASB ASC 70, *Income Taxes*. The Organization evaluates its uncertain tax positions using provisions of FASB ASC 450, *Contingencies*. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. The organization believes there are no uncertain tax positions that are material to the financial statements.

The Organization believes it is no longer subject to income tax examinations prior to fiscal years before June 30, 2009 and for the open tax years June 30, 2019 through June 30, 2023.

**Basis of Accounting**

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

**Cash Equivalents**

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less from the acquisition date.

**Cash**

Cash includes cash on hand and in banks.

**Restricted cash**

Consists of deposits and reserves that the Organization is required to maintain in accordance with loan and other regulatory agreements.

**Receivables**

Receivables are recorded when invoices are issued and are presented in the statements of financial positions net of the allowance of doubtful accounts. Receivables are written off when they are determined to be uncollectible. The allowance for doubtful accounts is estimated based on historical trends.

# ***Opportunities and Resources, Inc.***

## ***Notes to Financial Statements***

***June 30, 2023***

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America, requires the use of management's estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures 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.

The organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as described in the American Institute of Certified Public Accountants "Industry Guide for Audits of Voluntary Health and Welfare Organizations". Accordingly, the financial statements are prepared on an accrual basis of accounting.

### **Revenue Recognition**

Revenue related to cost-reimbursement award is recognized when allowable and reimbursable expenditures are incurred, and upon meeting the legal and contractual requirements of funding source. Revenue related to performance awards are recognized when services have been rendered. Funding received in advance of expenditures is recorded as grant advance payable in the statement of financial position.

Net rent revenue is recognized in the period which the rent is earned. In accordance with RD financial reporting requirements, possible rental income represents total possible rent revenue as if all units are 100 percent occupied during the year. Total revenue income represents potential rental income less vacancies. Rent collected in advance are deferred until the rental income is earned.

The Organization adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, "ASC 606"), which supersedes most existing revenue recognition guidance and outlines a single comprehensive model for recognizing revenue as performance obligations, as defined in a contract with a customer as goods or services transferred to the customer in exchange for consideration, are satisfied. The adoption of ASC 606 did not have a material impact on the financial statements of the Organization upon adoption.

### **Promises to Give**

Unconditional promises to give are recognized as revenues in the period received as assets, decrease of liabilities, or expenses depending on the form of benefits received. Promise to give are recorded at net realizable value, adjusted for present value if due in more than one year.

### **Client Fees**

Fees are billed on an hourly basis except where limited by applicable law and revenue is recognized at the net realizable amounts for services rendered.

**Opportunities and Resources, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

**Investments**

Investments are comprised of common stocks, mutual funds and fixed income bonds and cash. Investment are recorded at fair value, resulting in an unrealized gain or loss.

Investment income is recognized when earned and consist of interest and dividends.

**Government Grant Awards**

Government grant awards are received from federal and State of Hawaii governments. Revenue related to cost-reimbursement awards is recognized when allowable and reimbursable expenditures are incurred, and upon meeting the legal and contractual requirements of the funding source. Revenues are considered exchange transactions and are thereby recorded as revenues of the unrestricted net assets. Funding received in advance of expenditures of government grant awards are to be used for the purpose specified by the funding source.

**Subsequent events**

The organization evaluates subsequent events pursuant to topic 855-10-50 of the *Accounting Standards Codification* of the Financial Accounting Standards Board to the date financial Statements are issued ,February 29, 2024

**Fair Value of Financial Instruments**

The carrying amounts of financial instruments, including cash, certificates of deposits, accounts receivable and accounts payable approximate their fair market value due to their short- term maturities of these instruments.

**Accounting Principle Pronouncements**

In August 2016, the FASB issued ASU 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. The amendment in this ASU are designed to improve the current net asset classification requirements and the information presented in the financial statements about a not-for-profit entity's liquidity, financial performance and cash flows. The amendments in the ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017 The ASU has been applied to the period presented, which did not have a material effect on the financial statement.

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 establishes principles for reporting revenue arising from an organization's contract with customers. The core principle of ASU 2014-09 requires an organization to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The

**Opportunities and Resources, Inc.**  
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requirements of ASU 2014-09 are effective to annual reporting periods beginning after December 15, 2018. The organization is currently evaluating the impact of this pronouncement.

In February 2016, FASB released ASU 2016-02, Leases (ASC 842). Under ASU 2016-02, leases will be required to bring substantially all leases onto their balance sheet by recording right-of-use asset and lease liability. Expense will be recognized on a straight-line basis for an operating lease. Recognition of expense for a finance lease will be similar to the current treatment of capital leases. The requirements of ASU 2016-02 are effective for fiscal years beginning after December 15, 2020.

**(3) DONATED SERVICES**

The organization received donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities at year ended June 30, 2023 since the criteria for recognition have not been met and was not material.

**(4) PROPERTY AND EQUIPMENT**

Property and Equipment at June 30, 2023 are comprised of the following:

Building	\$3,717,693
Site Improvements	934,971
Equipment	266,109
Vehicles	246,697
Furniture and fixtures	84,640
	<hr/>
	5,250,111
<u>Less Accumulated Depreciation</u>	<u>4,738,171</u>
	<hr/>
	\$ 511,940

For the year ended June 30, 2023, total depreciation expense is \$ 40,844.

**Opportunities and Resources, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

**(5) CONCENTRATION OF RISK**

The Company maintains its cash accounts in several banks located in Hawaii. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for each financial institution. All deposit accounts may be fully insured through June 30, 2023 at participating financial institutions. At June 30, 2023, there was approximately \$ 40,000 of deposits in excess of the financially insured limit. The Company has not experienced any losses of such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents

**(6) RELATED PARTY TRANSACTIONS**

ORI Anuenue Hale , Inc., a non-profit corporation organized under the laws of the State of Hawaii and Helemano Plantation, Inc., a for-profit corporations under the laws of the State of Hawaii shared some members of staff and management with the organization.

**Helemano Plantation, inc. (HPI)**

Helemano Plantation, Inc. provides the training environment for the organization's developmentally disabled person and also provides meals for the Organization's various programs. Total meal costs approximated \$293,412..

**Anuenue Hale, Inc. (AHI)**

AHI is reimbursed for its costs related to certain services it provides to the Organization as follows:

Office lease	\$ 54,000
Bookkeeping Services	\$ 12,696
Ground Maintenance	\$ 80,880

Advances to AHI are non-interest bearing and have no terms. The amount outstanding at June 30, 2023 approximated \$ 795,955.

**(7) TENANT SECURITY DEPOSITS**

Tenant security deposits are held in a clients trust account at a bank until the property is vacated by the tenants. Amounts not returned to the tenant due to lease violations are transferred to the general operating fund. Tenant security deposits at June 30, 2023 amounted to approximately \$ 2,113.

**Opportunities and Resources, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

**(8) INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The table below presents the Organization's investments measured at fair value at June 30, 2023, on a recurring basis.

	Level 1	Level 2	Level 3
Cash-money market funds	\$ 2,886	\$ -0-	\$ -0-
Mutual funds	107,302	-0-	-0-
Government securities	29,874	-0-	-0-
Corporate Bonds	26,007	-0-	-0-
Corporate stock	89,801	-0-	-0-
	<u>\$ 255,870</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Fair value is the price that would be received to sell an asset or paid to transfer a Liability in a orderly transaction between market participants at the measurement date.

The Organization classifies its financial assets and liabilities ,measured at fair value on a recurring basis on a fair value hierarchy within three levels of inputs. Level 1 values are based on unadjusted quoted prices in active ,markets for identical securities. Level 2 values are are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in active markets. Level 3 values are based on significant unobservable inputs that reflect the Organization's determination of assumptions that market participants might reasonably use in valuing the securities.

**Opportunities and Resources, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

**(9) LONG – TERM DEBT**

Long-term debt are as follows:

Mortgage note payable to HUD, in monthly payments of \$3,487, including interest at 9.25%, due in November 2024, secured buildings	\$ 55,374
Mortgage note payable to FmHA, in monthly payments of \$6,774, including interest at 9.00%, due in July 2037, secured by buildings	649,604
Mortgage note payable to FmHA, in monthly payments of \$619, including interest at 8.50%, due in July 2037, secured by buildings	61,070
Mortgage note payable to FmHA, in monthly payments of \$54, including interest at 9.50%, due in February 2039, secured by buildings	<u>5,148</u>
	\$ 771,196
Less current maturities	<u>64,596</u>
	\$ <u>706,600</u>

Maturities as of June 30, are as follows:

2023	\$ 64,596
2024	45,776
2025	31,413
2026	34,346
2026	27,533
Later year	557,512
	\$ <u>771,196</u>

**Opportunities and Resources, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

**(10) RENT INCREASE**

Under regulatory agreements with HUD and FmHA, the organization may not increase rents charges to clients without HUD and FmHA approval.

**(11) RESIDUAL RECEIPTS**

Use of the residual receipts account is contingent upon HUD's prior written approval.

**(12) VACATION AND SICK CREDIT**

All full time employees, with certain exceptions, earn vacation leave at the rate of 1-3/4 vacation days for each month of service. Employees who are entitled to annual vacation may accumulate up to a maximum of five days total. Accumulated vacation leave, earned but not taken, is accrued and reflected as a liability in the statement of financial position. Upon termination of employment, the employee is paid their remaining vacation allowance as a lump sum. Accumulated vacation computed at current salary rates was approximately \$ 5,000 as of June 30, 2023.

All full-time employees earn sick leave at the rate of 1-3/4 sick days for each month of service without limit but can be taken only in the event of illness and is not convertible to pay upon termination of employment. Accordingly, accumulated sick leave earned, but not taken is not reflected in the financial statements.

**(13) CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

The Organization's operations are concentrated in the housing and services market for disabled individuals. In addition, the Organization operates in a heavily regulated environment, by various federal, state and local agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by respective Departments. Funding from the government consisted of approximately 94.36 % of total revenues in 2023.

**(14) ADVERTISING COSTS**

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The company expenses advertising costs as incurred. There were approximately \$ -0- of advertising costs for the year ended June 30, 2023.

**Opportunities and Resources, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

**(15) LAND LEASE**

The Organization has a land sublease with the City and County of Honolulu. The term of the lease is 75 years and ends on December 31, 2058. The annual lease payments are \$1, payable in advance.

Aggregate annual ground lease commitments for the years subsequent to June 30, 2023 are as follows:

2023	\$ 1
2024	1
2025	1
2026	1
2027	1
Thereafter	<u>30</u>
	<u>\$ 35</u>

**(16) COMMITMENTS AND CONTINGENCIES**

Under an Interest Credit and Rental Assistance Agreement with USDA FmHA, mortgage subsidies are provided over the lives of the loan agreements. USDA FmHA may terminate the agreements if it determines that no subsidies are necessary or if the project is determined to be in violation of the loan agreements of USDA FmHA rules or regulations.

**(17) LITIGATION AND CONTINGENT LIABILITIES**

The organization and its operations are from time to time are, and in the future may be parties to or targets of lawsuits, claims, investigations, and proceedings which are handled and defended in the ordinary course of business. The organization accrues a liability for such matters, when it is probable that a liability has been incurred and the amount can be reasonable estimated. The organization expenses legal costs, including those expected to be incurred in connection with a loss contingency, as incurred. There were no liability recorded for the year ended June 30, 2023.

# **Opportunities and Resources, Inc.**

**Reports In Accordance with  
Government Auditing Standards and  
Uniform Guidance  
for the  
Year Ended June 30, 2023**

**9 OPPORTUNITIES AND RESOURCES, INC.**  
**JUNE 30, 2023**

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- PART II - REPORT ON COMPLIANCE WITH REQUIREMENTS  
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CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
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- PART III - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
- PART IV - SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
- Current Year Findings  
- Status of Prior Year Finding
- PART V - RESPONSE OF GRANTEE AGENCY

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

To the Board of Directors  
Opportunities and Resources, Inc.

We have audited the financial statements of Opportunities and Resources, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated, February 29, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of Opportunities and Resources, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Opportunities and Resources, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Opportunities and Resources Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Opportunities and Resources Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dennis H. Ikawa, CPA, LLC

February 29,2024

Honolulu, Hawaii

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE

To the Board of Directors  
Opportunities and Resources, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Opportunities and Resources, Inc. with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Opportunities and Resources Inc.'s major federal programs for the year ended June 30, 2023, Opportunities and Resources Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Opportunities and Resources Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). . Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Opportunities and Resources, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Opportunities and Resources Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Opportunities and Resources Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

### **Report on Internal Control Over Compliance**

Management of Opportunities and Resources Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Opportunities and Resources Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Opportunities and Resources, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dennis H. Ikawa, CPA, LLC  
Honolulu, Hawaii  
February 29,2024

OPPORTUNITIES AND RESOURCES, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL RANTOR/ PASS-THROUGH <u>GRANTOR/PROGRAM TITLE</u>	FEDERAL CFDA <u>NUMBER</u>	<u>Contract Number</u>	AWARD/PASS-THROUGH IDENTIFICATION <u>NUMBER</u>	<u>Passed through to subrecipients</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				-	-
Section 202 Direct Loan	14.157	140-EH021-WH0	None available	-	\$ 55,364
Section 8 Housing Choice Vouchers	14.871	HI10-T-811-005	None available	-	107,590
	-			-	-
				-	<u>162,954</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				-	-
Rural Housing Service - Rural Rental Assistance Program	10.427	61-002-9901975	None available	-	199,225
Rural Housing Service - Rural Rental Housing Loan	10.415	61-002-9901975	None available	-	649,604
	-			-	-
				-	<u>848,829</u>
 <u>PASS THROUGH FROM THE HAWAII DEPARTMENT OF HUMAN SERVICES</u>	 93.778	 DHS-04-MWS-1	 None available	 -	 <u>1,126,269</u>
				-	<u>\$ 2,138,052</u>
 TOTALS					

# **OPPORTUNITIES AND RESOURCES, INC.**

## **Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2023**

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### 1. General

The accompanying Schedule of Expenditures of Federal Awards presents the direct and indirect expenditures of federal financial award programs of Opportunities and Resources Inc. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*.

### 2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Opportunities and Resources, Inc. and is prepared on a accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Uniform Guidance, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used the preparation of, the basic financial statements.

### 3. Indirect Cost

The Organization elected to use the 10% de minimis cost rate as covered in 2 CFR 200.414 indirect cost.

**OPPORTUNITIES AND RESOURCES, INC.**  
**Schedule of Findings d Questioned Costs**  
**Year Ended June 30, 2023**

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**A. SUMMARY OF AUDITOR'S RESULTS**

1. Financial Statements

programs:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified? Yes \_\_\_ No √

Reportable condition(s) identified  
 that are not considered to be  
 material weakness(es)? Yes √ No \_\_\_

Noncompliance material to financial  
 statement noted? Yes \_\_\_ No √

2. Federal Awards

Internal control over major programs:  
 Material weakness(es) identified? Yes \_\_\_ No √

Reportable condition(s) identified that  
 are not considered to be material  
 weakness(es)? Yes \_\_\_ No √

Type of auditor's report issued on  
 compliance for major program: Unmodified

Any findings disclosed that are required  
 to be reported in accordance with  
 Uniform Guidance 2 CFR 200.516 Yes \_\_\_ No √

Identification of major  
 CFDA  
 Number

Federal Program

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**93.778** Pass through from the Hawaii Department of Human Service

- Threshold used to distinguish between Type A and Type B programs was \$ 750,000
- The Organization did not qualify as a low-risk auditee.

**OPPORTUNITIES AND RESOURCES, INC.**  
**Schedule of Findings d Questioned Costs**  
**Year Ended June 30, 2023**

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**B. FINANCIAL STATEMENT FINDINGS – REPORTABLE CONDITIONS**

NONE

**OPPORTUNITIES AND RESOURCES, INC.**  
**Schedule of Findings d Questioned Costs**  
**Year Ended June 30, 2023**

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**C. PRIOR YEAR'S FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**NONE**

**OPPORTUNITIES AND RESOURCES, INC.**  
**Response to Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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**B. FINANCIAL STATEMENT FINDINGS – REPORTABLE CONDITIONS**

NONE