Greater Opportunities for the Developmentally Disabled

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

June 30, 2016
(with comparative totals for June 30, 2015)

CONTENTS

Boman Accounting Group, Inc.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greater Opportunities for the Developmentally Disabled
Santa Clara, California

We have audited the accompanying financial statements of Greater Opportunities for the Developmentally Disabled (a California nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2016, 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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Opportunities for the Developmentally Disabled , as of June 30, 2016 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.

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Report on Summarized Comparative Information

We have previously audited the Greater Opportunities for the Developmentally Disabled's 2015 financial statements, and our reported dated December 1, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boman Accounting Group, Inc.

Boman Accounting Group, Inc.
Campbell, California
December 5, 2016

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED

STATEMENT OF FINANCIAL POSITION

June 30, 2016

(With Comparative Totals for 2015)

	2016	2015
ASSETS		
Current assets		
Cash and equivalents	$ 460,099	$ 365,368
Certificates of Deposit	436,658	435,028
Investments	176,968	170,810
Accounts receivable	299,810	317,550
Prepaid expenses	71,071	92,863
Total current assets	1,444,606	1,381,619
Fixed assets		
Property and equipment - net	620,635	746,832
Other assets		
Deposits	24,699	14,606
Total Assets	$ 2,089,940	$ 2,143,057
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$ 149,313	$ 205,488
Custodial deposits	1,075	890
Total current liabilities	150,388	206,378
Long-term debt, net of current portion	0	0
Total liabilities	150,388	206,378
Net assets		
Unrestricted net assets	1,939,552	1,936,679
Temporarily restricted net assets	-	-
Total net assets	1,939,552	1,936,679
Total Liabilities and Net Assets	$ 2,089,940	$ 2,143,057

The accompanying notes are an integral part of these financial statements

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2016

(With Comparative Totals for 2015)

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
Revenues, gains and other support				
Supported living	$ 2,103,828	$ -	$ 2,103,828	$ 2,295,878
Independent living skills	782,905	-	782,905	766,760
Day program	579,327	-	579,327	559,548
Rent	33,195	-	33,195	30,800
Contributions	9,723	-	9,723	15,893
Income from special events (net of direct expenses of $2,056 and $0)	25,383	-	25,383	-
Investment Income	8,502	-	8,502	4,341
Other income	3,676	-	3,676	6,995
Loss on disposal of equipment	-	-	-	(11,847)
	3,546,539	-	3,546,539	3,668,368
Net assets released from restriction	-	-	-	-
Total revenues, gains and other support	3,546,539	-	3,546,539	3,668,368
Expenses				
Program Services:				
Supported Living	1,905,705	-	1,905,705	2,158,188
Independent Living Skills	503,650	-	503,650	454,928
Day Program	588,421	-	588,421	602,590
Cortez Facility Program	122,405	-	122,405	144,535
Supporting Services:				
Management and general	402,897	-	402,897	435,161
Fundraising	20,588	-	20,588	-
Total expenses	3,543,666	-	3,543,666	3,795,402
Change in net assets	2,873	-	2,873	(127,034)
Net assets at beginning of year	1,936,679	-	1,936,679	2,063,713
Net assets at end of year	$ 1,939,552	$ -	$ 1,939,552	$ 1,936,679

The accompanying notes are an integral part of these financial statements

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2016

(With Comparative Totals for 2015)

	Program Services	Supporting Services				
	Total	Management and General	Fund-Raising	Total	2016 Total Expenses	2015 Total Expenses
Expenses:						
Salaries and wages	$ 2,188,146	$ 212,738	$ 16,700	$ 229,438	$ 2,417,584	$ 2,573,240
Payroll taxes and benefits	437,537	42,204	2,478	44,682	482,219	529,037
Total salaries and related expenses	2,625,682	254,944	19,178	274,122	2,899,804	3,102,277
Occupancy	153,198	27,422	-	27,422	180,620	193,374
Transportation	58,405	333	-	333	58,738	60,185
Supplies	39,851	-	-	-	39,851	52,291
Professional fees	56,616	60,001	1,050	61,051	117,667	150,527
Insurance	34,778	4,461	-	4,461	39,239	41,038
Telephone	7,748	5,014	-	5,014	12,762	12,106
Interest		275	-	275	275	6,191
Payroll services	5,002	2,463	-	2,463	7,465	6,191
Equipment maintenance	-		-	-	-	-
Dues and subscriptions	2,349	10,224	-	10,224	12,573	5,451
Staff training and conferences	968	1,709	-	1,709	2,677	6,154
Office	6,751	22,223	360	22,583	29,334	23,441
Taxes and licenses	1,314	1,867	-	1,867	3,181	2,786
Total expenses before depreciation	2,992,663	390,936	20,588	411,524	3,404,188	3,662,012
Depreciation	127,518	11,961	-	11,961	139,479	139,581
Total expenses	$ 3,120,181	$ 402,897	$ 20,588	$ 423,485	$ 3,543,666	$ 3,801,593
Percentage of total	88.05%	11.37%	0.58%	11.95%	100.00%	

The accompanying notes are an integral part of these financial statements

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED

STATEMENT OF FUNCTIONAL EXPENSES (DETAILS OF PROGRAM SERVICES)

Year Ended June 30, 2016
(With Comparative Totals for 2015)

	Supported Living Program	Independent Living Skills Program	Day Program	Cortez Facility Program	2016 Total Program Services	2015 Total Program Services
Expenses:						
Salaries and wages	$ 1,494,861	$ 343,817	$ 295,352	$ 54,116	$ 2,188,146	$ 2,349,728
Payroll taxes and benefits	304,201	62,173	62,384	8,779	437,537	482,430
Total salaries and related expenses	1,799,062	405,990	357,736	62,895	2,625,683	2,832,158
Occupancy	18,041	18,041	93,728	23,388	153,198	167,246
Transportation	24,852	24,250	6,254	3,049	58,405	60,097
Program supplies / expenses	18,271	12,697	8,549	334	39,851	52,216
Professional fees	27,858	20,241	4,121	4,396	56,616	60,958
Insurance	6,766	19,134	3,911	4,967	34,778	35,911
Telephone	2,560	1,660	2,883	645	7,748	6,577
Payroll services	3,434	970	299	299	5,002	4,210
Equipment maintenance	-	-	-	-	-	-
Dues and subscriptions	2,349	-	-	-	2,349	-
Staff training and conferences	968	-	-	-	968	6,072
Office	1,544	667	4,540	-	6,751	5,820
Taxes and licenses	-	-	967	347	1,314	1,118
Total expenses before depreciation	1,905,705	503,650	482,988	100,320	2,992,663	3,232,383
Depreciation	-	-	105,433	22,085	127,518	127,858
Total expenses	$ 1,905,705	$ 503,650	$ 588,421	$ 122,405	$ 3,120,181	$ 3,360,241

The accompanying notes are an integral part of these financial statements

GREATER OPPORTUNITIES FOR THE DEVELOPMENTALLY DISABLED

STATEMENT OF CASH FLOWS

Year Ended June 30, 2016

(With Comparative Totals for 2015)

	2016	2015
Cash flows from operating activities:		
Change in net assets	$ 2,873	$ (127,034)
Noncash items included in revenues and expenses:		
Depreciation	139,479	139,581
Loss on disposal of fixed assets	-	11,847
Increase (decrease) in cash resulting from changes in:		
Accounts receivable	17,740	10,628
Prepaid expenses	21,792	(16,303)
Deposits	(10,093)	5,025
Accounts payable and accrued liabilities	(56,175)	8,040
Custodial deposits	185	440
Net cash provided by (used in) operating activities	115,801	32,224
Cash flows from investing activities:		
Purchase of certificates of deposit	(1,630)	(2,711)
Purchase of investments	(6,158)	(170,810)
Purchase of property and equipment	(13,282)	(146,832)
Net cash provided by (used in) investing activities	(21,070)	(320,353)
Cash flows from financing activities:		
Payments on long-term debt	-	-
Net cash provided by (used in) financing activities	-	-
Net change in cash and cash equivalents	94,731	(288,129)
Beginning cash and cash equivalents	365,368	653,497
Ending cash and cash equivalents	$ 460,099	$ 365,368
Supplemental disclosure of cash flow information		
Interest paid	$ 275	$ -

The accompanying notes are an integral part of these statements

NOTES TO FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Agency's significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Greater Opportunities for the Developmentally Disabled (the "Agency") is a California nonprofit public benefit corporation that was incorporated in California in 1983 for the purpose of providing direct support services for adult persons with developmental disabilities in order to achieve greater self-sufficiency and lead richer lives.

2. Program Services

The Supported Living Services (SLS) Program provides services directly to consumers in their own homes, with goals and levels of support determined jointly by consumers and their circles of support (friends, family members, partners). Supported living services provided by the Personal Assistant range from minimal assistance to 24-hour care, depending on the type and severity of the individual's disability and needs. These services are provided for persons with any level of ability/disability.

The Day Services Program (Greater Opportunities' "Adult Development and Activity Center") provides facility-based and community-based instruction and supervision to individuals and groups that is tailored to the needs, strengths, interests and preferences of consumers, in order to further their independence through the development of occupational and self-care skills, and enrich their lives through community integration and self-advocacy. Assigned activities support adult development needs and skills such as using the computer and Internet; travel training, cooking and nutrition, growing vegetables; creative expression through music, dance, art, crafts, and photography; social recreational and physical fitness activities such as exercise, golf, swimming, tennis and bowling; and use of community resources such as the library, parks and recreation centers.

The Independent Living Services (ILS) Program provides individually tailored one-to-one assistance to consumers residing in their own townhouses and apartments, to maintain their independent lifestyle. Areas of support include assistance with cooking and nutrition, shopping, finances, relationships with roommates and neighbors, travel training, housekeeping, accessing medical care, telephone and Internet communications, social opportunities, and more.

The Cortez Apartments Semi-Independent Living Skills Program provides residential ILS training to consumers who participate for an initial two-year period, attend evening classes and meet with individual instructors. Consumers learn to make responsible and informed choices, and gain the skills necessary to enjoy an independent lifestyle. Upon graduation, the transition period includes assistance in finding a house or apartment in the consumer's community of choice.

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Basis of Accounting

The accompanying financial statements for the Agency have been prepared on the accrual basis of accounting.

4. Basis of Presentation

Net Assets are classified based on the existence or absence of donor-imposed restrictions. Net assets are defined as follow:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency and/or the passage of time.

5. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended June 30, 2015 from which the summarized information was derived.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue, and expenses during the period. Accordingly, actual results could differ from those estimates.

7. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments with an initial maturity date of three months or less to be cash equivalents.

8. Accounts Receivable

The Agency considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Property and Equipment

Property and equipment are recorded at cost or estimated fair value for donated items. Equipment purchases over $1,000 are capitalized. The cost of repairs and maintenance which do not improve or extend the lives of the respective assets are expensed currently. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, which range from 3 to 27.5 years. Depreciation is charged to the activity benefiting from the use of the property or equipment.

10. Accrued Vacation

Accrued vacation represents vacation earned, but not taken as of June 30, 2016 and is included in "accrued liabilities" in the statement of financial position. The accrued vacation balance as of June 30, 2016 and 2015 was $79,583 and $80,932 respectively.

11. Revenue Recognition

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Agency.

The Agency reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated net assets. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

12. Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect functional expenses are allocated to program and supporting services based on a ratio of program revenue less direct labor burden.

13. Advertising

The Agency's policy is to expense advertising costs as the costs are incurred. There were no advertising expenses for the years ended June 30, 2016 and 2015.

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Income Taxes

Greater Opportunities for the Developmentally Disabled is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Section 23701(d) of the California Revenue Taxation Code. Accordingly, no provision for income taxes has been made in the accompanying statements. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Agency in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

The Agency's federal returns for the years ended June 30, 2015, 2014 and 2013 could be subject to examination by federal taxing authorities, generally for three years after they are filed. The Agency's state returns for the three years ended June 30, 2015, 2014, 2013 and 2012 could be subject to examination by state taxing authorities, generally for four years after they are filed.

15. Impairment of Long-Lived Assets

The Agency reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. For the year ended June 30, 2016 there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

16. Fair Value Measurements

The Organization uses a three-level hierarchy for fair value measurements based on the nature of inputs used in the valuation of an asset or liability of the measurement date. The three-level hierarchy prioritizes within the measurement of fair value, the use of market-based information over entity-specific information. Fair value focuses on an exit price and is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The inputs or methodology used for valuing investments are not necessarily an indication of the risk associates with investing in those investments.

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

1. Fair Value Measurements (Continued)

The three-level hierarchy for fair value measurements is defined as follows:

Level I – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level II – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs to the valuation methodology, which are significant to the fair value measurement, are unobservable

An investments' categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

NOTE B — CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30 consisted of the following:

	2016	2015
Cash on hand and in bank accounts	$ 387,173	$ 292,543
Cash in CD's (90 day maturity)	72,926	72,826
Total Cash and Cash Equivalents	$ 460,099	$ 365,368

NOTE C — INVESTMENTS/FAIR VALUE MEASUREMENT

The Agency maintains an investment account at Vanguard which consists of bond market exchange-traded funds, stock market exchange-traded funds, and a prime money market fund. The exchange-traded funds are adjusted to fair market value as of the close of the fiscal year and the difference in market value from one year to the next is recorded as unrealized gain or loss in the statement of activities.

The exchange-traded funds and money market fund measured at fair value, consisted of the following as of June 30, 2016:

	Total	Level 1
Investments		
Bond Market ETF	$ 50,493	$ 50,493
Stock Market ETF	124,723	124,723
Prime Money Market Fund	1,752	1,752
Total investments measured at fair value	$ 176,968	$ 176,968

NOTE D — PROPERTY AND EQUIPMENT

The cost and related accumulated depreciation of the property and equipment as of June 30, consisted of the following:

	2016	2015
Building	$ 348,228	$ 348,228
Building Improvements	768,037	766,662
Land	121,923	121,923
Furniture and Equipment	151,416	143,985
Motor Vehicles	92,859	92,859
	1,488,463	1,475,181
Less accumulated depreciation	-867,828	-728,349
Property and Equipment, Net	$ 620,635	$ 746,832

Depreciation expense for the years ended June 30, 2016 and 2015 was $139,479 and $139,581 respectively.

NOTE E — OPERATING LEASE COMMITMENTS

The Agency operated under several operating leases. Rent for the Lafayette Street Office space was $4,575 each month through May 31, 2006 and increased 3.5% each year until the lease expired on July 31, 2012. The Agency entered into a new lease agreement covering the period from August 1, 2012 through July 31, 2017 with scheduled increases every year.

In December 2013 the Agency entered into a lease for the new Day Program location on King Road covering the period January 1, 2014 through December 31, 2018, with a monthly base rent of $5,600 plus common area operating expenses. The lease includes an option to extend for an additional five years.

All other operating leases are on a month to month basis. Rental expense for the years ended June 30, 2016 and 2015 were $142,962 and $156,931 respectively. Future minimum lease payments are as follows:

Year ending June 30,	Amount
2017	151,328
2018	93,856
2019	7,428
Thereafter	-
Total future minimum lease payments	$ 252,612

NOTES TO FINANCIAL STATEMENTS

NOTE F — PENSION PLAN

The Agency is a member of a defined contribution retirement plan, which is a tax deferred annuity. It was administered by ING Life Insurance and Annuity Company prior to June 30, 2014. As of June 30, 2014 the plan is administered by Mass Mutual. The participating employees made no contributions for the fiscal years ended June 30, 2016 and 2015. The agency made no contributions for these years.

NOTE G — CONCENTRATIONS

The Agency relies on the San Andreas Regional Center (SARC) to provide funds for its programs. The Agency's total support and revenue provided by SARC for the years ended June 30, 2016 and 2015 was 98% and 99% respectively.

NOTE I — SAN ANDREAS REGIONAL CENTER (SARC) REIMBURSEMENT

During the year ended June 30, 2015, the San Jose minimum wage rate was higher than the California minimum wage rate. The San Andreas Regional Center (SARC) reimburses the Agency for its San Jose Supported Living Services Program based on approved state minimum wage rates. To cover the difference in the municipal city rate versus the state rate the Agency had to apply for health and safety waivers for each consumer that lived in San Jose. There was a delay in the Department of Developmental Services approval of the health and safety waiver applications. The receivable at June 30, 2015 approved by SARC for the difference in wage rates for January to June 2015 was $7,686.

NOTE J — SUBSEQUENT EVENTS

Management of the Agency has evaluated events and transactions subsequent to June 30, 2016 for potential recognition or disclosure in the financial statements. The Agency did not have subsequent events that required recognition of disclosure in the financial statements for the fiscal year ended June 30, 2016. Subsequent events have been evaluated through the date the financial statements became available to be issued, December 5, 2016.