Opportunity Fund Community Development and Subsidiary

Consolidated Financial Statements
and Single Audit Reports and Schedules

June 30, 2019 and 2018

armanino

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Opportunity Fund Community Development and Subsidiary
San Jose, California

We have audited the accompanying consolidated financial statements of Opportunity Fund Community Development and Subsidiary (a California nonprofit public benefit corporation) (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Opportunity Fund Community Development and Subsidiary as of June 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization has adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with 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 consolidated 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 September 19, 2019, on our consideration of the Organization'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 the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

Armanino LLP

Armanino LLP
San Jose, California

September 19, 2019

Opportunity Fund Community Development and Subsidiary
Consolidated Statements of Financial Position
June 30, 2019 and 2018
(In thousands)

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 9,219	$ 9,783
Cash - programs (Note 5)	10,153	11,078
Investments (Note 4)	631	1,162
Loans receivable - small business, net (Note 7)	30,703	25,353
Contributions receivable (Note 6)	1,287	1,048
Due from related parties	77	100
Small business interest and fees	824	528
Prepaid expenses and other	750	762
Total current assets	53,644	49,814
Property and equipment, net (Note 9)	3,811	2,718
Non-current assets		
Loans receivable - small business, net (Note 7)	62,375	48,567
Contributions receivable (Note 6)	645	193
Investment in new market tax credits entities (Note 2)	25	23
Total non-current assets	63,045	48,783
Total assets	$ 120,500	$ 101,315
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 2,729	$ 4,118
Notes payable, current (Notes 10 and 11)	20,437	5,752
Total current liabilities	23,166	9,870
Long-term liabilities		
Accounts payable	1,100	-
Notes payable (Notes 10 and 11)	69,911	65,031
Total long-term liabilities	71,011	65,031
Total liabilities	94,177	74,901
Net assets		
Without donor restrictions	25,012	25,450
With donor restrictions (Note 12)	1,311	964
Total net assets	26,323	26,414
Total liabilities and net assets	$ 120,500	$ 101,315

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

Opportunity Fund Community Development and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2019
(In thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and contributions			
Earned revenues			
Interest from loan programs	$ 11,519	$ -	$ 11,519
Loan and other program income	6,419	-	6,419
Income from sale of portfolio	3,035	-	3,035
NMTC program income	2,810	-	2,810
Investment income, net	103	-	103
Other income	176	-	176
Total earned revenues	24,062	-	24,062
Contributions and grants			
Contributions	3,495	952	4,447
Government contracts and grants	990	-	990
Recoveries	1,564	-	1,564
In-kind contributions (Note 2)	231	-	231
Net assets released from restriction (Note 12)	605	(605)	-
Total contributions and grants	6,885	347	7,232
Total revenues and contributions	30,947	347	31,294
Expenses			
Program services	24,241	-	24,241
Support services			
Management and general	4,863	-	4,863
Fundraising	2,281	-	2,281
Total support services	7,144	-	7,144
Total expenses	31,385	-	31,385
Change in net assets	(438)	347	(91)
Net assets, beginning of year	25,450	964	26,414
Net assets, end of year	$ 25,012	$ 1,311	$ 26,323

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

Opportunity Fund Community Development and Subsidiary
Consolidated Statement of Activities
For the Year Ended June 30, 2018
(In thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and contributions			
Earned revenues			
Interest from loan programs	$ 8,593	$ -	$ 8,593
Loan and other program income	4,489	-	4,489
Income from sale of portfolio	1,692	-	1,692
NMTC program income	2,499	-	2,499
Investment income, net	32	-	32
Other income	242	-	242
Total earned revenues	17,547	-	17,547
Contributions and grants			
Contributions	3,202	535	3,737
Government contracts and grants	1,070	-	1,070
Recoveries	1,649	-	1,649
In-kind contributions (Note 2)	247	-	247
Net assets released from restriction (Note 12)	2,260	(2,260)	-
Total contributions and grants	8,428	(1,725)	6,703
Total revenue and contributions	25,975	(1,725)	24,250
Expenses			
Program services	21,049	-	21,049
Support services			
Management and general	2,924	-	2,924
Fundraising	2,309	-	2,309
Total support services	5,233	-	5,233
Total Expenses	26,282	-	26,282
Change in net assets	(307)	(1,725)	(2,032)
Net assets, beginning of year	25,757	2,689	28,446
Net assets, end of year	$ 25,450	$ 964	$ 26,414

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

Opportunity Fund Community Development and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019
(In thousands)

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 9,563	$ 2,378	$ 1,870	$ 13,811
Program operating	3,070	2	2	3,074
Interest	2,909	6	-	2,915
Professional services	846	1,180	134	2,160
Information technology	420	265	53	738
Occupancy	488	174	58	720
Other	341	324	38	703
Parking and travel	317	143	46	506
Savings program match	302	-	-	302
Marketing	179	86	1	266
Special events	1	85	4	90
Donations	21	2	1	24
Provision for loan losses	5,172	-	-	5,172
Depreciation and amortization	612	218	74	904
Total	$ 24,241	$ 4,863	$ 2,281	$ 31,385
Percentage of total	77.2 %	15.5 %	7.3 %	100.0 %

Opportunity Fund Community Development and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2018
(In thousands)

	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 8,539	$ 1,461	$ 1,652	$ 11,652
Program operating	2,188	2	7	2,197
Interest	2,050	-	-	2,050
Professional services	412	915	89	1,416
Information technology	398	49	106	553
Occupancy	407	56	68	531
Other	399	166	74	639
Parking and travel	332	76	56	464
Savings program match	898	-	-	898
Marketing	612	5	52	669
Special events	1	-	141	142
Donations	170	147	8	325
Provision for loan losses	4,306	-	-	4,306
Depreciation and amortization	337	47	56	440
Total	$ 21,049	$ 2,924	$ 2,309	$ 26,282
Percentage of total	80.1 %	11.1 %	8.8 %	100.0 %

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

Opportunity Fund Community Development and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018
(In thousands)

	2019	2018
Cash flows from operating activities		
Loan collections	$ 83,416	$ 60,662
Loan sales	53,123	33,845
Net proceeds from loan program - lines of credit	14,000	10,500
Proceeds from loan program - notes payable	9,650	13,375
Contributions from individuals and organizations	3,821	5,197
Income from sale of loan portfolio	3,155	1,504
Income from new markets tax credit program	2,833	2,505
Recovery Income	1,509	1,487
Government contracts and grants	870	803
Other income	255	250
Loan disbursements	(112,467)	(88,730)
Repayments to third party partners	(30,795)	(19,822)
Salaries and benefits	(13,639)	(11,565)
Program operating	(5,057)	(3,019)
Administrative & other	(4,430)	(3,063)
Repayments of loan program - notes payable	(4,085)	(6,242)
Interest	(2,779)	(1,816)
Occupancy	(646)	(648)
Marketing	(317)	(685)
Net cash used in operating activities	(1,583)	(5,462)
Cash flows from investing activities		
Net changes in investment in NMTC LLC's	(1)	(3)
Proceeds from sale of investments	582	-
Acquisition of property and equipment	(487)	(79)
Net cash provided by (used in) investing activities	94	(82)
Net decrease in cash and cash equivalents	(1,489)	(5,544)
Cash and cash equivalents, beginning of year	20,861	26,405
Cash and cash equivalents, end of year	$ 19,372	$ 20,861

Supplemental schedule of noncash investing and financing activities

Software acquired by in-kind donation	$ -	$ 2,655
Intangible asset acquired by long-term liability	$ 1,500	$ -

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

1. NATURE OF OPERATIONS

Opportunity Fund Community Development and Subsidiary (the "Organization"), is a Community Development Financial Institution certified by the U.S. Department of the Treasury. The Organization was formed as a for-profit organization on December 8, 1993. On September 30, 2000, the Organization converted to a California nonprofit public benefit corporation. Since then, the Organization has been classified as a publicly supported, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

The Organization's mission is to drive economic mobility by delivering affordable capital and responsible financial solutions to determined entrepreneurs and communities. The Organization relies on earned revenue from interest and fee income generated by its mission-oriented programs as well as charitable donations from individuals and institutions to fund the costs of its operations. The Organization also borrows funds from public and private institutions to use as loan capital for its small business lending program. The Organization maintains offices in California and its programs reach clients and borrowers primarily in California but also in thirty-five other states. The Organization has the following programs and also promotes policies and research which further financial inclusion and impact measurement.

Small Business Lending program

The Organization makes loans to small businesses that lack access to affordable credit from traditional sources. Since inception, the Organization has made over 13,800 loans totaling $322 million to small businesses whose owners are primarily people of color and low and moderate income. The Organization offers loans outside of California in thirty-five additional states and intends to expand this footprint in the future. Virtually all loans to California based borrowers are enrolled in a loan loss reserve funded by the State of California as part of its Capital Access Program.

The Organization sells participations in its loan portfolio to a few institutions. The purpose of these sales is to manage credit concentration in the Organization's portfolio and to raise additional capital as it grows. Loans are sold at a premium over face value and the Organization retains the servicing of the loans, for which it charges a monthly fee.

New Market Tax Credits program

In 2003, the Organization was certified by the U.S. Department of Treasury Community Development Financial Institution Fund ("CDFI Fund") as a Community Development Entity ("CDE") under its New Market Tax Credit ("NMTC") program. As of June 30, 2019, the Organization has received a cumulative total of $388 million of tax credit allocations. The Organization through its subsidiary CDE, the LCD New Markets Fund, LLC uses these allocations to attract new capital to support large real estate projects providing high community impact in low-income areas. As of June 30, 2019 and 2018, the Organization has deployed $342.4 million and $299.4 million in Qualified Equity Investments ("QEIs"), respectively.

1. NATURE OF OPERATIONS (continued)

Savings program

The Organization administers a matched savings and financial education program in the San Francisco Bay Area. Since inception, the Organization has facilitated the opening of 6,252 savings accounts for clients and mobilized more than $20 million in individual savings and matching funds. During fiscal year 2018, the Organization decided to cease enrollment of new clients due to the elimination of Federal funding, which was the primary source of funding. The Organization continued to administer the program for existing clients until the last client exited the program during fiscal year 2019.

Ratings

The Organization is rated by Aeris Insight, a national organization which provides ratings, data and advisory services to support investment in CDFIs. In June 2017, the Organization received an AA- Four star rating. AA- is in the category of the highest Financial Strength and Performance ratings and indicates the Organization "has very strong financial strength, performance, and risk management practices". Four star is the highest possible impact rating, demonstrating "clear alignment of mission strategy and activities".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The consolidated financial statements have been prepared on the accrual basis of accounting which recognizes revenue when earned and expenses when incurred and, accordingly, reflect all receivables and payables outstanding at the end of the reporting period.

The Organization presents information regarding its consolidated financial position and activities according to two classes of net assets:

- *Net assets without donor restrictions* - are available to support all activities of the Organization without restrictions and include those net assets whose use is not restricted by donors.
- *Net assets with donor restrictions* - are contributions with donor imposed time or purpose restrictions. Restricted net assets with donors' restrictions become unrestricted when the time restriction expires or the donor stipulated purpose has been accomplished, at which time they are reported in the statement of activities as net assets released from restrictions.

(In thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of consolidation

The consolidated financial statements include the accounts of a subsidiary, LCD New Markets Fund, LLC (the "LLC") of which the Organization is the managing member with a 99% interest. The LLC is a Delaware limited liability company that was formed in April 2003. All material intercompany balances and transactions have been eliminated in consolidation.

Investments in NMTC entities

The following NMTC entities, over which the Organization exercises significant influence, are included in the consolidated financial statements using the equity method of accounting. The investment is recorded at cost then adjusted for the Organization's proportionate share of undistributed earnings or losses (see Note 14). The Organization has a 0.01% financial interest in each of the following entities. As of June 30, 2019 and 2018, the Organization has related-party receivables from certain of the following entities related to asset management fees and operating advances totaling $77 and $100, respectively.

NMTC entities consist of the following:

Chase NMTC CVRM Investment Fund *	LCD New Markets Fund XIX, LLC
	LCD New Markets Fund XX, LLC
LCD New Markets Fund X, LLC*	LCD New Markets Fund XXI, LLC
LCD New Markets Fund XI, LLC *	LCD New Markets Fund XXII, LLC
LCD New Markets Fund XII, LLC	LCD New Markets Fund XXIII, LLC
LCD New Markets Fund XIII, LLC	LCD New Markets Fund XXIV, LLC
LCD New Markets Fund XIV, LLC	LCD New Markets Fund XXV, LLC
LCD New Markets Fund XV, LLC	LCD New Markets Fund XXVI, LLC
LCD New Markets Fund XVI, LLC	LCD New Markets Fund XXVII, LLC
LCD New Markets Fund XVII, LLC	LCD New Markets Fund XXVIII, LLC
LCD New Markets Fund XVIII, LLC	LCD New Markets Fund XXIX, LLC

* These entities were closed during fiscal year 2019, when the projects were unwound and reached the end of the 7-year NMTC compliance period.

The above limited liability companies were formed in the State of Delaware to qualify as CDEs under the provisions of Section 45D of the Internal Revenue Code and to make qualified Low-Income Community Investments from the proceeds of Qualified Equity Investments received from the NMTC Investor Entities.

Cash and cash equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted cash

Restricted cash consists of cash with limitations on the Organization's ability to use it due to restrictions imposed by donors.

Contributions and grants revenue recognition

Contributed support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires during the reporting period in which the support is recognized, otherwise such support is reported as an increase in net assets with donor restrictions. All other contributed support is recognized as revenue when received or promised without conditions.

In-kind contributions

The Organization in-kind donations when receiving pro-bono professional services and other qualified contributions. These services and contributions would have been purchased had they not been donated.

During the years ended June 30, 2019 and 2018, the Organization received pro-bono legal services valued at $231 and $247, respectively.

Loans receivable

Loans receivable are stated at the principal amount outstanding net of the allowance for loan losses (see Note 7). Interest income on a loan is accrued on the principal outstanding at the loan's stated interest rate.

The Organization prepares an annual assessment of its originations fee income and the cost associated with the origination of loans in order to evaluate the need for capitalization and amortization of these costs. The net amount of deferred origination fees and unamortized initial direct costs, if any, would be reported as part of the loans receivable balance to which it relates on the accompanying Consolidated Statement of Financial Position. As of June 30, 2019 and 2018, the Organization had no net deferred origination fees nor unamortized direct costs recorded on the accompanying Consolidated Statement of Financial Position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sale and assignment of loans receivable

The Organization sells participations in its loan portfolio and its practice is to retain a small percentage of ownership in each loan. The Organization evaluates sale premium income and related servicing obligations annually in order to determine the need to record either a financial asset or liability on its balance sheet. As of June 30, 2019 and 2018, the Organization has not recorded a servicing asset or servicing liability as the fees the Organization earns approximates adequate compensation for the costs associated with servicing participated loans.

Allowance for loan losses

The allowance for loan losses represents management's estimate of probable losses inherent in the Organization's lending activities. Credit exposures deemed to be uncollectible are charged to the allowance. Management evaluates the adequacy of the allowance based on historical and best efforts, projected performance of its portfolio as well as internal and external factors and trends such as operational efficiency, national and local economic conditions and the adequacy of other cash loan loss reserves available (see Note 8). The allowance for loan losses is presented in Note 7.

Investments

The Organization invests in marketable securities and fixed income instruments. Investments are recorded at fair value. Unrealized gains and losses represent market fluctuations and are recorded on a monthly basis. Interest and dividend income are recognized when earned (see Note 4).

Fair value of financial instruments

Financial instruments included in the Organization's Consolidated Statement of Financial Position as of June 30, 2019 and 2018, include cash and cash equivalents, receivables, investments, accounts payable and accrued expenses, funds provided for programs without recourse and notes payable with recourse to unrestricted net assets. For cash and cash equivalents, receivables, accounts payable and accrued expenses, funds provided for programs without recourse and notes payable with recourse to unrestricted net assets, the carrying amounts represent a reasonable estimate of the corresponding fair values. Investments are reflected in the accompanying Consolidated Statements of Financial Position at their estimated fair values using methodologies described in Note 4.

Property, equipment, and intangible

Purchased property, equipment, and intangible are stated at cost. Acquisitions of property, equipment, and intangible in excess of $5 are capitalized. Significant donated assets are recorded at estimated fair value at the date of receipt. In absence of restrictions regarding the use of such donated assets, contributions are recorded as unrestricted support.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, equipment, and intangible (continued)

Depreciation is computed using the straight-line method over the estimated useful lives of the assets of five years for furniture, three years for computers and software, and four years for the intangible. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease.

Concentration of credit risk

The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments and money market funds. By policy, the Organization invests in low risk highly liquid investments at top rated financial institutions. Deposits, at times, might exceed Federal Deposit Insurance Corporation ("FDIC") limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash accounts.

Concentration in contributors

For the year ended June 30, 2019, the Organization had two government entities who provided approximately 22% and 13% and one individual who provided 14% of total contributions. For the year ended June 30, 2018, the Organization had two government entities who provided approximately 25% and 14% of total contributions

Concentration in loans receivable

For the years ended June 30, 2019 and 2018, the Organization originated 61% and 53%, respectively, of trucking-related loans as a percentage of total loan originations. As of June 30, 2019 and 2018, the Organization's trucking-related loans receivable as a percentage of total loans receivable was 54% and 45%, respectively.

Change in accounting principle

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, Presentation of Financial Statements of Not-for-Profit ("NFP") Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two: net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle (continued)

The amendment in this ASU is effective for the Organization's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective July 1, 2018. The adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

Functional expense allocation

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated, based on estimates of time, space, and other factors, among the classifications.

Income tax status

The Organization is exempt from federal income taxes under the provisions of Section 501(c) (3) of the Internal Revenue Code. In addition, the Organization qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes less applicable deductions, is subject to federal and state corporate income taxes. The Organization had no unrelated business income for the years ended in June 30, 2019 and 2018, respectively.

The Organization is exempt from California state income taxes under the provision of Section 23701d of the Revenue and Taxation Code. The Organization may be liable for income taxes based on income earned in other states and in which it has not yet applied for exemption. As of June 30, 2019, the Organization assessed the amount of state taxes, if any, to be immaterial to its financial statements and did not accrue any tax liability in its Statement of Financial Position.

Accounting for uncertainty in income taxes

The Organization evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the consolidated 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. As of June 30, 2019, management did not identify any uncertain tax positions.

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California. The tax years that remain subject to potential examination for the U.S. federal jurisdiction are years ended June 30, 2016, and forward. The State of California tax jurisdiction is subject to potential examination for years ended June 30, 2015 and forward.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect 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 these estimates.

Reclassifications

Certain 2018 balances have been reclassified to conform to the 2019 financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

Subsequent events

The Organization's management has evaluated events and transactions subsequent to June 30, 2019 for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the year ended June 30, 2019. Subsequent events have been evaluated through the date of the financial statements, September 19, 2019, which is the date the consolidated financial statements were available to be issued.

3. LIQUIDITY

The Organization presents a classified statement of financial position where the current assets are listed by order of liquidity and purpose.

(In thousands)

3. LIQUIDITY (continued)

The financial assets that are available within one year of June 30, 2019 and 2018, respectively, for operations and programs needs are as follows:

	2019		2018	
	Operations	Programs	Operations	Programs
Unrestricted cash				
Cash	$ 9,219	$ -	$ 9,783	$ -
Short-term investments	631	-	1,162	-
Loan capital funds	-	3,563	-	3,861
Savings program match funds	-	93	-	445
Total unrestricted cash	9,850	3,656	10,945	4,306
Restricted cash	175	-	50	-
Receivables - current				
Loans receivable	-	30,703	-	25,353
Contributions receivable	595	692	673	375
Due from related-parties	77	-	100	-
Small business interest and fees receivable	824	-	528	-
Total receivables - current	1,496	31,395	1,301	25,728
Total financial assets available for use within one year	$ 11,521	$ 35,051	$ 12,296	$ 30,034

The Organization's management reports on its operating and loan capital liquidity on a quarterly basis to the Finance Committee. The Organization manages its liquidity to be in compliance with its loan covenants. The Organization's loan covenants require it to keep at least 90 days of operating cash on hand. To help manage unanticipated liquidity needs, the Organization has a committed operating line of credit in the amount of $4 million, and committed undrawn credit facilities for loan capital in the aggregate amount of $18 million, which it could draw upon at any time. As of June 30, 2019 and 2018, the Organization had on hand approximately 173 and 207 days of operating cash; and 10 and 11 days of loan capital on hand. Both of these ratios exclude cash available from the operating line of credit and undrawn credit facilities for loan capital.

(In thousands)

4. INVESTMENTS

The Organization follows the provisions of the Fair Value Measurements and Disclosure topic of the FASB ASC (820-10-35). These standards establish 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 observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of significant unobservable inputs. All investments are at quoted prices in active markets for identical assets (level 1 input).

Investments consisted of the following:

	2019	2018
Mutual funds	$ 631	$ 1,162
	$ 631	$ 1,162

Investment earnings (losses) during the year consisted of the following:

	2019	2018
Interest income	$ 80	$ 56
Net realized and unrealized income/(losses)	23	(24)
	$ 103	$ 32

5. CASH - PROGRAMS

Cash - programs consisted of the following:

	2019	2018
Cash restricted for donor stipulation	$ 175	$ 225
Cash for loan capital	3,563	3,861
Cash for loan loss reserves (1)	6,322	6,547
Cash for savings program match	93	445
	$ 10,153	$ 11,078

(1) The Organization and the State of California's CalCAP program (see Note 8) jointly own a cash account held at a commercial bank. Each entity owns its own contributions made to the program when enrolling eligible loans.

(In thousands)

6. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of unconditional pledges that have not yet been received. The Organization records a present value discount for the future cash flows of these pledges, if material to the consolidated financial statements. As of June 30, 2019 a present value discount was not recorded as the amount was immaterial to the consolidated financial statements. The Organization evaluates contributions receivable for collectability annually. As of June 30, 2019, an allowance for doubtful accounts for contributions receivable was not recorded as the amount was immaterial to the consolidated financial statements.

Future maturities of these receivables are as follows:

Year ending June 30,	
2020	$ 1,287
2021	239
2022	203
2023	203
	$ 1,932

7. LOANS RECEIVABLE AND LOAN LOSS RESERVE

Small business loans

The Organization offers loans to small businesses from $2.6 to $257.5 with fixed interest rates ranging from 4% to 18.99% and terms of up to 60 months. Loans are fully amortized and payments are due monthly. Interest is calculated on the outstanding balance. During the years ended June 30, 2019 and 2018, the Organization disbursed $117.7 million among 3,195 loans and $92.5 million among 2,981 loans in the Small Business Program, respectively.

Small business program loans receivable are as follows:

	2019	2018
Total portfolio under management	$ 179,740	$ 131,705
Less third parties' portfolios under management (1)	(81,696)	(53,897)
	98,044	77,808
Less allowance for loan losses	(4,966)	(3,889)
	$ 93,078	$ 73,919

(1) Balance of loan participations owned by third parties / investors. In fiscal year 2019, Opportunity Fund sold participations in 1,503 loans for a total of $53.1 million.

(In thousands)

7. LOANS RECEIVABLE AND LOAN LOSS RESERVE (continued)

Small business loans (continued)

	2019	2018
Loans receivable net of allowance- current	$ 30,703	$ 25,353
Loans receivable net of allowance - non-current	$ 62,375	$ 48,567

Aging schedule

2019 aging schedule by category

	Balance	Current	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	150+ Days
Small business loans	$ 175,729	$171,193	$ 1,971	$ 1,239	$ 597	$ 662	$ 67
Restructured loans	4,011	3,092	562	117	132	72	36
Total portfolio under management	179,740	174,285	2,533	1,356	729	734	103
Less third parties' portfolio under management	(81,696)	(79,974)	(959)	(313)	(177)	(239)	(34)
Total loans receivable	$ 98,044	$ 94,311	$ 1,574	$ 1,043	$ 552	$ 495	$ 69
		96.19 %	1.61 %	1.06 %	0.56 %	0.50 %	0.07 %

2018 aging schedule by category

	Balance	Current	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	150+ Days
Small business loans	$ 127,041	$125,191	$ 1,257	$ 362	$ 152	$ 54	$ 25
Restructured loans	4,664	4,069	218	280	13	84	-
Total portfolio under management	131,705	129,260	1,475	642	165	138	25
Less third parties' portfolio under management	(53,897)	(53,384)	(305)	(47)	(48)	(93)	(20)
Total loans receivable	$ 77,808	$ 75,876	$ 1,170	$ 595	$ 117	$ 45	$ 5
		97.53 %	1.50 %	0.76 %	0.15 %	0.06 %	0.01 %

(In thousands)

7. LOANS RECEIVABLE AND LOAN LOSS RESERVE (continued)

Troubled debt restructurings ("TDR's")

From time to time and as a result of an evaluation of a borrower's circumstances, the Organization considers modifying the terms of a loan that the Organization otherwise would not consider but for the borrower's financial difficulties.

As of June 30, 2019, there were 236 TDR's in the Organization's small business portfolio accounting for a total of $3,813 representing 3.9% of the total portfolio. As of June 30, 2018, there were 243 TDR's accounting for $3,552 representing 4.6% of the total portfolio.

2019 TDR aging schedule is presented as follows:

	Balance	Current	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	150+ Days
Total TDR's under management (1)	$ 4,011	$ 3,092	$ 562	$ 117	$ 132	$ 72	$ 36
Less third parties' TDR's under management	(198)	(120)	(35)	(20)	(23)	-	-
	$ 3,813	$ 2,972	$ 527	$ 97	$ 109	$ 72	$ 36
		77.93 %	13.82 %	2.54 %	2.86 %	1.89 %	0.94 %

2018 TDR aging schedule is presented as follows:

	Balance	Current	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	150+ Days
Total TDR's under management (1)	$ 4,664	$ 4,069	$ 218	$ 280	$ 13	$ 84	$ -
Less third parties' TDR's under management	(1,112)	(986)	(77)	-	-	(49)	-
	$ 3,552	$ 3,083	$ 141	$ 280	$ 13	$ 35	$ -
		86.80 %	3.97 %	7.88 %	0.37 %	0.99 %	0.00 %

(1) Subset of total portfolio

(In thousands)

7. LOANS RECEIVABLE AND LOAN LOSS RESERVE (continued)

Allowance for loan losses

The Organization maintains both an allowance for loan losses and cash loan loss reserves (see Note 8) which together are adequate to cover potential losses from its portfolio. The allowance for loan losses represents management's estimate of probable losses inherent in the Organization's portfolio. Credit exposures deemed to be uncollectible are charged against the allowance. Recaptures on previously charged-off amounts are credited to the allowance. Management evaluates the adequacy of the allowance based on historical performance and a best efforts forward looking evaluation of the portfolio performance, internal and external factors and trends such as operational efficiency, national and local economic conditions and the adequacy of other cash loan loss reserves available. For loans past due 150 days or more, the Organization maintains an allowance for loan losses equal to 100% of the total balance.

The following table summarizes the allowance for loan losses as follows:

	2019	2018
Balance, beginning of year	$ 3,889	$ 2,697
Provisions for loan losses	5,110	4,303
Additional provision for loans 150+ days past due	62	3
Loans charged-off	(4,095)	(3,114)
Balance, end of year	$ 4,966	$ 3,889

8. CASH FOR LOAN LOSS RESERVES

The Organization participates in a State program called the California Capital Access Program ("CalCAP") that has been funded in part by the Small Business Credit Initiative ("SSBCI"). SSBCI is a federal program that provides funding to states to expand access to credit for small businesses. Through this program the state provides cash reserves that protect the Organization against potential credit losses. When an enrolled loan is deemed uncollectable, the Organization can claim 100% of the loss to CalCAP. This protection is limited to the amount of cash in those reserves. Nearly all of the Organization's loans to California-based businesses are enrolled in this program.

(In thousands)

8. CASH FOR LOAN LOSS RESERVES (continued)

Cash for loan loss reserves - CalCAP consist of the following:

	2019	2018
Opportunity Fund contributions to CalCAP Reserve	$ 6,322	$ 6,547
State contributions to CalCAP Reserve (1)(3)	3,156	4,142
State contributions to CalCAP ARB Reserve (2)	2,444	1,819
	$ 11,922	$ 12,508

(1) Reserves for small business loans with general purpose. This portion of the reserve is not included in the Organization's Statement of Financial Position.

(2) State reserves for loans extended to businesses in the trucking industry with the purpose of meeting environmental standards of the State of California. The Organization is not required to contribute to this reserve and it is not included in the Statement of Financial Position

(3) During the years ending June 30, 2019 and 2018, CalCAP withdrew $1.2M and $2.4M, respectively, of their contributions to the reserve to reflect loans paid off. These withdrawals will be used to enroll additional loans.

9. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following:

	2019	2018
Computers and equipment	$ 188	$ 255
Leasehold improvements	197	167
Furniture	227	116
Software	1,020	798
Software-in-kind	2,655	2,655
Intangible asset	1,600	-
	5,887	3,991
Accumulated depreciation and amortization	(2,076)	(1,273)
	$ 3,811	$ 2,718

Depreciation and amortization expense for the years ended June 30, 2019 and 2018, was $904 and $440, respectively.

(In thousands)

10. REVOLVING LINES OF CREDIT

The organization entered into multiple lines of credit agreements with multiple banks in a total amount of $49 million. These lines of credit mature between September 2019 and December 2024 and carry annual interest rates between 3% and 5.5%. The aggregate outstanding balances as of June 30, 2019 and 2018, were $33 million and $19 million, respectively.

11. NOTES PAYABLE

The organization entered into multiple notes payable agreements with multiple institutions for a total of $45.5 million. These notes payable mature between August 2019 and September 2024 and carry annual interest rates between 0% and 5%.

The organization entered into multiple agreements with individual investors in the amount of $11.8 million. These impact investments mature between March 2020 and August 2024 and carry annual interest rates between 2% and 3.4%.

Certain of the notes payable agreements require the Organization to comply with various financial covenants. The Organization was in compliance with all, or received a temporary waiver on certain, covenants as of June 30, 2019 and 2018.

Future maturities of all debts are as follows:

Year ending June 30,	
2020	$ 20,437
2021	13,299
2022	13,423
2023	15,332
2024	12,582
Thereafter	15,275
	$ 90,348

(In thousands)

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were for the following purposes:

	Balance at June 30, 2018	Additions to restrictions	Releases from restrictions	Balance at June 30, 2019
Small business operating	$ 400	$ 130	$ (225)	$ 305
Time-restricted operating grants	564	822	(380)	1,006
	$ 964	$ 952	$ (605)	$ 1,311

Net assets with donor restrictions were for the following purposes:

	Balance at June 30, 2017	Additions to restrictions	Releases from restrictions	Balance at June 30, 2018
Small business operating	$ 1,404	$ 450	$ (1,454)	$ 400
Savings program operation	44	-	(44)	-
Time-restricted operating grants	1,108	85	(629)	564
TeamWorks	133	-	(133)	-
	$ 2,689	$ 535	$ (2,260)	$ 964

13. RETIREMENT PLAN

The Organization provides a defined contribution 403(b) retirement savings plan ("Plan") for all eligible full and part time employees. The Plan provides for employee contributions, through a salary reduction agreement, plus employer contributions at the Organization's discretion and an employer matching contribution at various matching levels. During the years ended June 30, 2019 and 2018, the Organization contributed approximately $287 and $281, respectively, to the Plan for participating employees.

14. COMMITMENTS

New Markets Tax Credits commitments

The Organization provides indemnifications for its various NMTC projects in an event of a tax benefit recapture. The NMTC tax benefit recapture risk is based on the initial qualified equity investment amount, adjusted based on the life of the project. The indemnification period ends after ten years and nine months: seven years of the tax benefit period and three years nine months after the last tax return showing benefits has been filed.

(In thousands)

14. COMMITMENTS (continued)

New Markets Tax Credits commitments (continued)

The following recapture events may trigger indemnification by the Organization: (1) the CDE ceases to be a qualified CDE; (2) the CDE fails to meet the substantially all test; or (3) the QEI is redeemed before the end of the tax credit period. Management has taken significant steps to mitigate these potential indemnification risks.

Management believes that the likelihood of a recapture event is remote. In the entire history of the NMTC program, management is not aware of one recapture event anywhere in the country.

Total amounts currently at risk are $68 million and future amounts are $38 million. The maturity dates range from December 2019 through January 2030 at which times the Organization is no longer liable.

Operating leases commitments

The Organization is obligated under non-cancelable operating leases for facilities and office equipment, which expire at various times.

The scheduled minimum lease payments under the lease terms are as follows:

Year ending June 30,		
2020	$	783
2021		807
2022		392
2023		395
2024		64
	$	2,441

Rental expense for the years ended June 30, 2019 and 2018, was $720 and $531, respectively.

SINGLE AUDIT REPORTS AND SCHEDULES

armanino

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
Opportunity Fund Community Development and Subsidiary
San Jose, California

We have audited, in accordance with the 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, the consolidated financial statements of Opportunity Fund Community Development and Subsidiary (a California nonprofit public benefit corporation) (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 19, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Armanino LLP

Armanino LLP
San Jose, California

September 19, 2019

armanino

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
Opportunity Fund Community Development and Subsidiary
San Jose, California

Report on Compliance for Each Major Federal Program

We have audited Opportunity Fund Community Development and Subsidiary (a California nonprofit public benefit corporation) (the "Organization")'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (the "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 the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2019.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 the Organization'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 weakness 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.

Armanino LLP

ArmaninoLLP
San Jose, California

September 19, 2019

Opportunity Fund Community Development and Subsidiary
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019
(In thousands)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Number	Total Federal Expenditures
Expenditures of Federal Awards			
U.S. Department of Treasury			
Direct awards			
Community Development Financial Institution Program	21.020	181FA023190	$ 975
Small Business Lending Fund EQ2	N/A	0878	2,236
Total U.S. Department of Treasury			3,211
U.S. Department of Health and Human Services			
Direct awards			
Assets for Independence Demonstration (IDA) Program	93.602	N/A	15
Total U.S. Department of Health and Human Services			15
Total Expenditures of Federal Awards			$ 3,226

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Opportunity Fund Community Development and Subsidiary
Notes to Schedule of Expenditures of Federal Awards
June 30, 2019
(In thousands)

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Opportunity Fund Community Development and Subsidiary (the "Organization") under programs of the federal government for the year ended June 30, 2019. 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 for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

Grant periods for certain of the grants included in the Schedule are different from the fiscal year of the Organization. Expenditures reported in the Schedule only include expenditures for the period of July 1, 2018 through June 30, 2019, which is the Organization's fiscal year.

3. U.S. DEPARTMENT OF TREASURY LOAN PROGRAM

The Organization has a U.S. Department of Treasury loan. The loan balance outstanding at the beginning of the year is included in the federal expenditures presented in the Schedule. The Organization received no additional loans during the year. The balance of the loan outstanding at June 30, 2019 consists of:

CFDA Number: N/A

Program Name: Small Business Lending Fund EQ2

Outstanding balance as of June 30, 2019: $2,236

4. INDIRECT COSTS

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Opportunity Fund Community Development and Subsidiary
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019
(In thousands)

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Small Business Lending Funds	N/A

Dollar threshold used to distinguish between Type A and Type B programs	$750
Auditee qualified as low-risk auditee?	Yes

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Opportunity Fund Community Development and Subsidiary
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2019

There were no prior year findings.