

**OAI, INC.
AND
HIGH BRIDGE, L3C**

**Consolidated Financial Statements and
Supplementary Information**

**(Including Reports Required by
OMB's Uniform Guidance)**

**As of June 30, 2018
and for the Year then Ended
(with comparative totals for 2017)**

**OAI, INC.
AND
HIGH BRIDGE, L3C**

Annual Financial Report

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Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors
OAI, Inc. and High Bridge, L3C
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of OAI, Inc. (a nonprofit organization), and High Bridge, L3C (a limited liability company), which comprise the consolidated statement of financial position as of June 30, 2018, 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.

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 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 consolidated financial statements are free of 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 consolidated financial position of OAI, Inc. and High Bridge, L3C as of June 30, 2018, 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 consolidated financial statements as a whole. The accompanying supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. In additions, 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 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 *Governmental Auditing Standards*, we have also issued a report dated December 11, 2018 on our consideration of OAI, Inc.'s internal control over financial reporting and 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 *Governmental Auditing Standards* in considering OAI, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited OAI, Inc.'s and High Bridge, L3C's consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Desmond & Ahern, Ltd

December 11, 2018
Chicago, IL

OAI, INC AND HIGH BRIDGE, L3C
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2018 (with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 806,419	\$ 718,656
Certificate of deposit	250,000	-
Government receivables	636,627	645,443
Contribution receivables	-	35,000
Other receivables	8,620	28,700
Prepaid expenses	36,470	26,904
Total current assets	<u>1,738,136</u>	<u>1,454,703</u>
Net property and equipment	85,288	86,696
Certificate of deposit	250,000	-
Security deposits	17,979	17,479
Total Assets	<u><u>\$ 2,091,403</u></u>	<u><u>\$ 1,558,878</u></u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 507,538	\$ 471,900
Accrued payroll and related taxes	105,211	88,254
Total current liabilities	<u>612,749</u>	<u>560,154</u>
Net Assets		
Unrestricted	585,104	685,886
Temporarily restricted	893,550	312,838
Total net assets	<u>1,478,654</u>	<u>998,724</u>
Total Liabilities and Net Assets	<u><u>\$ 2,091,403</u></u>	<u><u>\$ 1,558,878</u></u>

See independent auditor's report and notes to financial statements.

OAI, INC AND HIGH BRIDGE, L3C
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018 (with comparative totals for 2017)

	Unrestricted	Temporarily Restricted	2018 Total	2017 Total
<u>Public Support and Revenue</u>				
Government funding	\$ 3,361,042	\$ -	\$ 3,361,042	\$ 3,242,082
Fees for service	70,912	-	70,912	285,972
Contributions	27,131	910,000	937,131	142,362
Program income	1,215	28,000	29,215	18,500
Interest and other income	4,477	-	4,477	1,415
Donated materials	-	-	-	40,150
Donated services	4,000	-	4,000	42,175
Net assets released from restrictions - satisfaction of purpose restriction	357,288	(357,288)	-	-
Total Public Support and Revenue	<u>3,826,065</u>	<u>580,712</u>	<u>4,406,777</u>	<u>3,772,656</u>
<u>Expenses</u>				
Program Services				
Pre-Employment	969,913	-	969,913	921,370
Business and Worker Training	778,444	-	778,444	854,276
OAI Chicago Southland	1,573,863	-	1,573,863	1,108,806
High Bridge, L3C	131,392	-	131,392	347,013
Total program services	<u>3,453,612</u>	<u>-</u>	<u>3,453,612</u>	<u>3,231,465</u>
Management and general	465,179	-	465,179	383,413
Fundraising	8,056	-	8,056	3,896
Total Expenses	<u>3,926,847</u>	<u>-</u>	<u>3,926,847</u>	<u>3,618,774</u>
Change in net assets	(100,782)	580,712	479,930	153,882
Net assets, beginning of year	<u>685,886</u>	<u>312,838</u>	<u>998,724</u>	<u>844,842</u>
Net assets, end of year	<u><u>\$ 585,104</u></u>	<u><u>\$ 893,550</u></u>	<u><u>\$ 1,478,654</u></u>	<u><u>\$ 998,724</u></u>

See independent auditor's report and notes to financial statements.

OAI, INC AND HIGH BRIDGE, L3C
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018 (with comparative totals for 2017)

	Program Services	Management and General	Fundraising	2018 Total	2017 Total
<u>Functional Expenses</u>					
Salaries	\$ 1,290,767	\$ 286,370	\$ 2,791	\$ 1,579,928	\$ 1,334,948
Fringe benefits and related taxes	312,893	68,146	680	381,719	313,842
Total salaries and related expenses	<u>1,603,660</u>	<u>354,516</u>	<u>3,471</u>	<u>1,961,647</u>	<u>1,648,790</u>
Sub-recipients	103,422	-	-	103,422	118,399
Contract services	402,129	3,747	3,089	408,965	502,838
Contractual trainers	359,364	-	-	359,364	337,455
Professional fees	4,173	20,142	36	24,351	20,466
Supporting services	237,377	25	-	237,402	160,832
Donated services	4,000	-	-	4,000	42,175
Client services	234,162	-	-	234,162	174,405
Transportation expense	85,214	231	-	85,445	93,956
Seminar fees	11,609	1,260	-	12,869	15,428
Meeting expense	8,392	586	-	8,978	5,883
Occupancy, other than depreciation	237,598	50,381	506	288,485	219,278
Telephone	5,989	2,181	22	8,192	8,862
Supplies	78,321	2,827	16	81,164	145,868
Computer expense	7,485	1,889	4	9,378	15,270
Equipment purchases under \$1,000	8,688	822	-	9,510	6,627
Equipment rental, repair and maintenance	15,325	2,581	22	17,928	49,064
Insurance	10,192	3,405	14	13,611	12,315
Postage and shipping	1,627	302	4	1,933	2,132
Dues and subscriptions	4,675	387	774	5,836	6,176
Miscellaneous	9,146	2,679	98	11,923	11,131
Total expenses before depreciation	<u>3,432,548</u>	<u>447,961</u>	<u>8,056</u>	<u>3,888,565</u>	<u>3,597,350</u>
Depreciation	21,064	17,218	-	38,282	21,424
Total Expenses	<u><u>\$ 3,453,612</u></u>	<u><u>\$ 465,179</u></u>	<u><u>\$ 8,056</u></u>	<u><u>\$ 3,926,847</u></u>	<u><u>\$ 3,618,774</u></u>

See independent auditor's report and notes to financial statements.

OAI, INC AND HIGH BRIDGE, L3C
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2018 (with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 479,930	\$ 153,882
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation of property and equipment	38,282	21,424
Donated materials capitalized	-	(40,150)
Decrease (increase) in assets		
Government receivables	8,816	(256,176)
Contribution receivables	35,000	(35,000)
Other receivables	20,080	52,543
Prepaid expenses and deposits	(10,066)	9,404
Increase in liabilities		
Accounts payable and payroll accrual	52,595	253,602
Net cash provided by operating activities	<u>624,637</u>	<u>159,529</u>
<u>Cash Flows from Investing Activities</u>		
Purchases of property and equipment	(36,874)	(31,142)
Purchases of certificates of deposit, net of maturities	(500,000)	-
Net cash used by investing activities	<u>(536,874)</u>	<u>(31,142)</u>
Net increase in cash and cash equivalents	87,763	128,387
Cash and cash equivalents, beginning of year	718,656	590,269
Cash and cash equivalents, end of year	<u>\$ 806,419</u>	<u>\$ 718,656</u>

See independent auditor's report and notes to financial statements.

OAI, INC. AND HIGH BRIDGE, L3C
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Organizations

OAI, Inc. (OAI) is a not-for-profit Illinois corporation exempt from Federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code, and is not considered a private foundation. OAI has been serving the Chicago metropolitan area with over 25 years of experience in comprehensive workforce development. The mission of OAI is to create a community environment in which all people who desire to do so can access education, training, and employment that will allow them to sustain and enjoy safe, secure, and fulfilling lives.

OAI serves people with significant barriers to obtaining and retaining rewarding employment. Clients include individuals making the transition from welfare to work, at-risk youth, Empowerment Zone (EZ) residents, displaced workers, those in need of additional skills, and anyone with earnings below the poverty line.

High Bridge, L3C

High Bridge, L3C is a limited liability company, founded and wholly owned by OAI, Inc. High Bridge, L3C is the Chicago Southland's premier landscape design, installation and maintenance firm.

Divisions

The Organizations' programs and services are currently organized into four divisions:

Pre-Employment

The Pre-Employment division provides job training, placement and retention services to residents facing multiple challenges in Dallas, Kansas City, and Chicago.

Business and Worker Training

The Business and Worker Training division provides worker health & safety training, in compliance with OSHA CFR 1910.120, to emergency first responders, medical first receivers and industry workers who are exposed to hazardous materials. In addition, the division offers customized, cost-effective on-site workforce skills and safety training programs for low-wage and limited English proficient workers employed in various industries, including the Manufacturing, Hospitality and Medical sectors.

High Bridge

High Bridge is a transitional jobs and social enterprise company that installs and maintains green infrastructure treatments - primarily rain gardens - hiring local labor and helping advance technical and higher-paying skills for residents of the Calumet region. The company is designed to offer full-time, short-term employment, enabling job training graduates and residents to benefit economically and environmentally from a variety of public green infrastructure investments in south suburban communities.

OAI, INC. AND HIGH BRIDGE, L3C
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Funding is provided by various federal, state, local, foundation, and fee-for-service sources.

Basis of Accounting

The accounts and consolidated financial statements are maintained on the accrual basis of accounting; consequently, revenues are recognized when earned and expenses when the obligation is incurred.

Basis of Presentation

The Organizations reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets (if applicable), as required by Generally Accepted Accounting Principles (GAAP). As of June 30, 2018, there are no permanently restricted net assets.

Income Tax Status

OAI, Inc. was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). OAI, Inc. qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). High Bridge, L3C, the wholly owned subsidiary of OAI, Inc. is a limited liability company. Due to operating losses, no provision has been made for income taxes.

The tax-exempt purpose of OAI, Inc and the nature in which it operates is in the first section of Note 1. OAI, Inc. continues to operate in compliance with its tax-exempt purpose and management's assessment is there are no uncertain tax positions.

The Organizations' annual informational and income tax returns filed with the federal and state governments are subject to examination by the Internal Revenue Service for three years after filing.

The Organizations' have adopted the requirements for accounting for uncertain tax positions and management has determined that the Organizations' was not required to record a liability related to uncertain tax positions as of June 30, 2018.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in federally insured accounts. The accounts may, at times, exceed the federally insured limit of \$250,000. No cash was paid for interest or income taxes for the year ended June 30, 2018.

For purposes of the Statement of Cash Flows, the Organizations consider all U.S. Treasury bills and certificates of deposits with an original maturity of one year or less to be cash equivalents.

OAI, INC. AND HIGH BRIDGE, L3C
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Certificates of Deposit

OAI had two certificates of deposit at June 30, 2018 each for \$250,000, with maturity dates of March 2019 and February 2020. All certificates of deposit are fully insured by the FDIC and are carried at their original cost, plus accrued interest.

Property and Equipment

Expenditures of \$1,000 or more for property and equipment, and items which substantially increase the useful lives of existing assets, are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Furniture and equipment	3 - 5 years
Computer equipment	3 years
Leasehold improvements	10 years

Support and Revenue

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, 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 consolidated statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, it is treated as unrestricted.

Gifts of land, buildings, equipment or other long-lived assets are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organizations' report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Government Contributions

Support funded by government contracts, which qualify as conditional promises to give, are recognized when the condition of performing the contracted services is met. Revenue is therefore recognized as earned as the condition of eligible expenses is incurred. These expenditures are subject to audit and acceptance by the granting organization and, as a result of such audit, adjustments could be required. As of June 30, 2018, there is no allowance for doubtful accounts.

OAI, INC. AND HIGH BRIDGE, L3C
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Fees for Service

The majority of the fees for service revenue is earned by High Bridge, L3C through contracts to install landscaping and green infrastructure projects. A small portion of the revenue is from OAI, Inc. providing recruitment services, health and safety training, and markerlab workshops. For the year ended June 30, 2018, \$70,912 in aggregate fees for service revenue were received.

Donated Services

Contributed services are recognized at fair value if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended June 30, 2018, WRD donated \$4,000 to OAI and High Bridge, L3C for program services.

In-Kind Contributions

In addition to receiving cash contributions, the Organizations' may receive in-kind contributions from various donors. In accordance with generally accepted accounting principles, such contributions are recorded at estimated fair value of donations as either an asset or expense in its consolidated financial statements, and similarly records corresponding donation revenue by a like amount. For the year ending June 30, 2018, there were no in-kind contributions.

Certain Vulnerabilities and Concentrations

During the year ended June 30, 2018, the Organizations received approximately 76% of its funding from various government agencies. Following is a breakdown by funding agency of the portion of the Organizations revenue from government agencies for the year ending June 30, 2018 and the grants receivable at June 30, 2018:

	<u>% of Total Government Revenue</u>	<u>Government Contributions Receivable</u>
National Institute of Environmental Health Sciences	50%	26%
U.S. Department of Labor (direct and pass-through IDHS)	41%	53%
U.S. Environmental Protection Agency (direct and pass-through	3%	3%
U.S. Department of Agriculture Food and Nutrition Service (pass-through IDCEO)	1%	4%
U.S. Department of Commerce National Oceanic and Atmospheric Administration (pass-through IDNR)	1%	2%
U.S. Department of Housing and Urban Development (pass-through Cook County Bureau of Economic Development)	2%	12%
Justice Advisory Council	2%	0%
	<u>100%</u>	<u>100%</u>

Any change in these funding sources may cause disruption in program activities.

OAI, INC. AND HIGH BRIDGE, L3C
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Use of Estimates

The preparation of the consolidated 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Information

The consolidated financial statements include certain prior-year summarized information in total but not by net asset class. 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 Organizations' audited financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and the Consolidated Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2 – Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2018 are available for the following programs:

Hazardous Worker Training	\$ 64,320
Environmental Careers Worker Training	697,267
Job Training and Economic Development	36,346
OAI Chicago Southland Program	95,617
	<u>\$ 893,550</u>

OAI, INC. AND HIGH BRIDGE, L3C
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 3 – Property and Equipment

At June 30, 2018, property and equipment are comprised of the following:

	<u>Amount</u>
Furniture and equipment	\$ 133,288
Computer equipment and software	154,838
Vehicle	19,245
Leasehold improvements	<u>28,053</u>
	335,424
Accumulated depreciation	<u>(250,136)</u>
Net property and equipment	<u><u>\$ 85,288</u></u>

Depreciation expense amounted to \$38,282 for the year ended June 30, 2018.

Note 4 – Leases

The Organizations lease operating facilities under non-cancellable operating lease arrangements. These leases expire at various dates through January 31, 2026. Rental expense for these leases, included in the Consolidated Statement of Activities for the year ended June 30, 2018, was \$251,124.

Future minimum annual rental payments required under these operating leases are as follows:

<u>June 30,</u>	<u>Amount</u>
2019	\$ 240,778
2020	244,924
2021	188,323
2022	189,820
2023	185,024
Thereafter	<u>497,850</u>
	<u><u>\$ 1,546,719</u></u>

Note 5 – Retirement Plan

The consolidated Organization maintains a 401(k) defined contribution plan for the benefit of all of its employees which allows for both employee and employer contributions. The Organizations match up to 50 percent of the participating employee's contribution which does not exceed six percent of their compensation. The Organizations contributed and expensed \$32,773 for the year ending June 30, 2018.

OAI, INC. AND HIGH BRIDGE, L3C
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 6 – Subsequent Events

For the fiscal year ended June 30, 2018, the Organizations' management has evaluated subsequent events through December 11, 2018, which is the date the consolidated financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed through that date.

SUPPLEMENTARY INFORMATION

OAI, INC AND HIGH BRIDGE, L3C
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
As of June 30, 2018

	<u>OAI, Inc.</u>	<u>High Bridge, L3C</u>	<u>Eliminations</u>	<u>Total</u>
<u>Assets</u>				
Current Assets				
Cash and cash equivalents	\$ 806,419	\$ -	\$ -	\$ 806,419
Certificate of deposit	250,000	-	-	250,000
Government receivables	574,285	62,342	-	636,627
Contribution receivables	-	-	-	-
Other receivables	1,543	7,077	-	8,620
Prepaid expenses	36,470	-	-	36,470
Due (to) from funds	100,128	(100,128)	-	-
Total current assets	<u>1,768,845</u>	<u>(30,709)</u>	<u>-</u>	<u>1,738,136</u>
Net property and equipment	85,288	-	-	85,288
Certificate of deposit	250,000	-	-	250,000
Security deposits	17,979	-	-	17,979
Total Assets	<u>\$ 2,122,112</u>	<u>\$ (30,709)</u>	<u>\$ -</u>	<u>\$ 2,091,403</u>
<u>Liabilities and Net Assets</u>				
Current Liabilities				
Accounts payable	\$ 507,538	\$ -	\$ -	\$ 507,538
Accrued payroll and related taxes	105,211	-	-	105,211
Total current liabilities	<u>612,749</u>	<u>-</u>	<u>-</u>	<u>612,749</u>
Net Assets				
Unrestricted	615,813	(30,709)	-	585,104
Temporarily restricted	893,550	-	-	893,550
Total net assets	<u>1,509,363</u>	<u>(30,709)</u>	<u>-</u>	<u>1,478,654</u>
Total Liabilities and Net Assets	<u>\$ 2,122,112</u>	<u>\$ (30,709)</u>	<u>\$ -</u>	<u>\$ 2,091,403</u>

OAI, INC AND HIGH BRIDGE, L3C
CONSOLIDATING STATEMENT OF ACTIVITIES BY ORGANIZATION
For the year ended June 30 2018

	OAI, Inc.		High Bridge, L3C	Consolidated Totals		
	Unrestricted	Temporarily Restricted	Unrestricted	Unrestricted	Temporarily Restricted	Consolidated Total
<u>Public Support and Revenue</u>						
Government funding	\$ 3,322,815	\$ -	\$ 38,227	\$ 3,361,042	\$ -	\$ 3,361,042
Fees for service	15,653	-	55,259	70,912	-	70,912
Contributions	26,561	910,000	570	27,131	910,000	937,131
Program income	1,215	28,000	-	1,215	28,000	29,215
Interest and other income	4,477	-	-	4,477	-	4,477
Donated materials	-	-	-	-	-	-
Donated services	-	-	4,000	4,000	-	4,000
Net assets released from restrictions - satisfaction of purpose restriction	357,288	(357,288)	-	357,288	(357,288)	-
Total Public Support and Revenue	3,728,009	580,712	98,056	3,826,065	580,712	4,406,777
<u>Expenses</u>						
Program Services						
Pre-Employment	969,913	-	-	969,913	-	969,913
Business and Worker Training	778,444	-	-	778,444	-	778,444
OAI Chicago Southland	1,573,863	-	-	1,573,863	-	1,573,863
High Bridge, L3C	-	-	131,392	131,392	-	131,392
Total Program Services	3,322,220	-	131,392	3,453,612	-	3,453,612
Management and general	453,872	-	11,307	465,179	-	465,179
Fundraising	8,056	-	-	8,056	-	8,056
Total Expenses	3,784,148	-	142,699	3,926,847	-	3,926,847
Change in net assets	(56,139)	580,712	(44,643)	(100,782)	580,712	479,930
Net assets, beginning of year	671,952	312,838	13,934	685,886	312,838	998,724
Net assets, end of year	\$ 615,813	\$ 893,550	\$ (30,709)	\$ 585,104	\$ 893,550	\$ 1,478,654

OAI, INC AND HIGH BRIDGE, L3C
CONSOLIDATING SCHEDULE OF EXPENSES BY PROGRAM
For the Year Ended June 30, 2018 (with comparative totals for 2017)

	OAI, Inc.			High Bridge, L3C	2018	2017
	Pre- Employment Program	Business & Worker Training Program	OAI Chicago Southland Program		Total Program Services	Total Program Services
Salaries	\$ 388,676	\$ 317,820	\$ 525,921	\$ 58,350	\$ 1,290,767	\$ 1,107,134
Fringe benefits and related taxes	94,498	77,006	127,234	14,155	312,893	262,510
Total salaries and related expenses	483,174	394,826	653,155	72,505	1,603,660	1,369,644
Sub-recipients	103,422	-	-	-	103,422	118,399
Contract services	81,463	73,556	233,384	13,726	402,129	482,672
Contractual trainers	91,315	188,526	79,523	-	359,364	337,003
Professional fees	726	542	2,691	214	4,173	2,457
Supporting services	43,346	-	194,031	-	237,377	160,832
Donated services	-	-	-	4,000	4,000	42,175
Client services	6,910	-	227,252	-	234,162	174,405
Transportation expense	34,166	23,485	25,018	2,545	85,214	93,793
Seminar fees	4,947	1,179	5,456	27	11,609	14,581
Meeting expense	1,771	638	5,877	106	8,392	4,820
Occupancy, other than depreciation	76,734	56,542	93,933	10,389	237,598	180,402
Telephone	3,002	2,447	540	-	5,989	6,883
Supplies	15,241	14,880	32,831	15,369	78,321	142,765
Computer expense	3,027	830	3,449	179	7,485	13,485
Equipment purchases under \$5,000	2,248	4,584	1,856	-	8,688	6,627
Equipment rental, repair and maintenance	3,695	2,656	927	8,047	15,325	47,194
Insurance	1,942	1,586	2,615	4,049	10,192	9,104
Postage and shipping	244	1,024	293	66	1,627	1,864
Dues and subscriptions	1,879	1,313	1,463	20	4,675	5,918
Miscellaneous	1,306	4,523	3,167	150	9,146	5,272
Total expenses before depreciation	960,558	773,137	1,567,461	131,392	3,432,548	3,220,295
Depreciation	9,355	5,307	6,402	-	21,064	11,170
Total Expenses	\$ 969,913	\$ 778,444	\$ 1,573,863	\$ 131,392	\$ 3,453,612	\$ 3,231,465

**REPORTS REQUIRED BY
OMB'S UNIFORM GUIDANCE**

OAI, INC AND HIGH BRIDGE, L3C
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30 2018

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Contract Number	Passed Through to Subrecipients	Disbursements or Expenditures
<u>U.S. Department of Health and Human Services</u>				
NIEHS Hazardous Waste Worker Health and Safety Training				
August 1, 2017 to July 31, 2018	93.142	5 U45 ES007850-23	\$ 103,422	\$ 1,545,059
August 1, 2016 to July 31, 2017	93.142	5 U45 ES007850-22	-	136,771
August 1, 2016 to July 31, 2017	93.142	3 U45 ES007850-22S1	-	7,149
August 1, 2016 to July 31, 2017	93.142	3 U45 ES007850-22S2	-	7,392
Total U.S. Department of Health and Human Services			<u>103,422</u>	<u>1,696,371</u>
<u>U.S. Environmental Protection Agency</u>				
Environmental Workforce Development and Job Training Cooperative Agreements				
October 1, 2017 to September 30, 2020	66.815	JT-00E02311	-	24,480
October 1, 2015 to September 30, 2018	66.815	JT-00E01540-0	-	64,912
			-	89,392
Passed through the Illinois Department of Natural Resources				
Great Lakes Program				
January 21, 2017 to July 16, 2018	66.469	GLR1-16-004	-	1,958
June 22, 2016 to December 31, 2018	66.469	GLR1-16-001	-	1,039
			-	2,997
Total U.S. Environmental Protection Agency			-	<u>92,389</u>
<u>U.S. Department of Labor</u>				
Passed through the Business and Career Services				
WIOA Youth Activities				
July 1, 2017 to June 30, 2018	17.259	2016-07-01	-	184,394
Passed through the Illinois Department of Health and Human Services				
H-1B Job Training Grants				
July 1, 2017 to June 30, 2018	17.268	HG-29540-16-60-A-17	- (1)	962,516
Total U.S. Department of Labor			-	<u>1,146,910</u>
<u>U.S. Department of Agriculture Food and Nutrition Service</u>				
Passed through the Illinois Department of Commerce and Economic Opportunity				
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP				
February 1, 2016 to February 28, 2019	10.596	15-762015	-	30,478
Total U.S. Department of Agriculture Food and Nutrition Service			-	<u>30,478</u>

OAI, INC AND HIGH BRIDGE, L3C
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Passed Through to Subrecipients</u>	<u>Disbursements or Expenditures</u>
<u>U.S. Department of Commerce National Oceanic and Atmospheric Administration</u>				
Passed through the State of Illinois Department of Natural Resources				
Coastal Zone Management Administration Awards				
January 9, 2017 to September 30, 2019	11.419	17-091-N16-25	\$ -	\$ 32,230
Total U.S. Department of Commerce National Oceanic and Atmospheric Administration			-	32,230
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Cook County Bureau of Economic Development				
Community Development Block Grants/Entitlement Grants				
October 1, 2017 to September 30, 2018	14.218	1704-050	-	26,817
October 1, 2017 to September 30, 2018	14.218	1702-083	-	16,715
October 1, 2016 to September 30, 2017	14.218	1604-054	-	23,527
Total Department of Housing and Urbarn Development			-	67,059
Total Expenditures of Federal Awards			\$ 103,422	\$ 3,065,437

(1) Major Program

OAI, INC. AND HIGH BRIDGE, L3C
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of OAI, Inc and High Bridge L3C. under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the SEFA 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 are limited as to reimbursement. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Organization has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Non-Cash Awards

OAI, Inc. and High Bridge, L3C did not have any outstanding Federal loans or loan guarantees at June 30, 2018, and did not receive any Federal non-cash awards or insurance assistance for reimbursement losses during the year ended June 30, 2018.

Note 4 – Other Matters

Amount of insurance	None
Amount of loans	None
Amount of loan guarantees	None



Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**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 of
OAI, Inc. and High Bridge, L3C
Chicago, Illinois

We have audited in accordance with auditing standards 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 OAI, Inc. and High Bridge, L3C, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related consolidated notes to the financial statements, and have issued our report thereon dated December 11, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered OAI, Inc.'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of OAI, Inc. and High Bridge, L3C's internal control. Accordingly, we do not express an opinion on the effectiveness of OAI, Inc.'s and High Bridge, L3C'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 OAI, Inc. and High Bridge, L3C's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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 the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 OAI, Inc. and High Bridge, L3C's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Desmond & Akers, Ltd

December 11, 2018
Chicago, IL



Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control Over Compliance
Required by Uniform Guidance**

To the Board of Directors
OAI, Inc. and High Bridge, L3C
Chicago, Illinois

Report on Compliance for Each Major Federal Program

We have audited OAI, Inc.'s and HB, LLC compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of OAI, Inc.'s major federal programs for the year ended June 30, 2018. OAI, Inc. and High Bridge, L3C's major federal programs are identified in the summary of auditor's results section of the accompanying consolidated 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 OAI, Inc. and High Bridge, L3C'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 (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 OAI, Inc. and High Bridge, L3C'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 OAI, Inc. and High Bridge, L3C's compliance.

Opinion on Each of the Major Federal Programs

In our opinion, OAI, Inc. and High Bridge, L3C 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, 2018.

Report on Internal Control over Compliance

Management of OAI, Inc. and High Bridge, L3C 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 OAI, Inc. and High Bridge, L3C'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 OAI, Inc. and High Bridge, L3C'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.

Desmond & Ahern, Ltd

December 11, 2018
Chicago, IL

OAI, INC. AND HIGH BRIDGE, L3C
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

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? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes X no

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in Accordance Under 2 CFR section 200.516 (a)? _____ yes X no

Certification of Major Programs

CFDA Number

Name of Federal Program or Cluster

17.268

H-1B Job Training Grants

Dollar threshold used to distinguish between type A and type B Programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

OAI, INC. AND HIGH BRIDGE, L3C
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV - Prior Year Federal Award Findings and Questioned Costs

None