

OAI, INC.

**Financial Statements and
Supplementary Information**

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

**As of June 30, 2022
and for the Year then Ended
(with summarized comparative totals for 2021)**

OAI, INC.

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.
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of OAI, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OAI, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OAI, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OAI, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 OAI, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OAI, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 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 financial statements. In addition, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued a report dated December 15, 2022 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. financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Desmond & Ahern, Ltd

December 15, 2022
Chicago, IL

OAI, INC.
STATEMENT OF FINANCIAL POSITION
As of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 1,097,851	\$ 1,335,047
Contract receivables	-	7,750
Government receivables	586,860	544,105
Contribution receivables	203,668	308,045
Other receivables	33,138	28,495
Prepaid expenses	30,904	26,541
Total current assets	<u>1,952,421</u>	<u>2,249,983</u>
Property and equipment, net	51,909	55,488
Security deposits	17,479	17,479
Total Assets	<u><u>\$ 2,021,809</u></u>	<u><u>\$ 2,322,950</u></u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 477,979	\$ 524,737
Accrued payroll and related taxes	160,979	159,355
Paycheck protection program loan	-	438,900
Accrued interest	-	5,377
Refundable advances - other	129,042	74,850
Total current liabilities	<u>768,000</u>	<u>1,203,219</u>
Net Assets		
Without donor restrictions	782,332	510,736
With donor restrictions	471,477	608,995
Total net assets	<u>1,253,809</u>	<u>1,119,731</u>
Total Liabilities and Net Assets	<u><u>\$ 2,021,809</u></u>	<u><u>\$ 2,322,950</u></u>

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

OAI, INC.**STATEMENT OF ACTIVITIES****For the Year Ended June 30, 2022 (with summarized comparative totals for 2021)**

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<u>Public Support and Revenue</u>				
Government funding	\$ 3,095,950	\$ -	\$ 3,095,950	\$ 3,561,125
Fees for service	19,100	-	19,100	39,650
Contributions	356,312	429,000	785,312	1,026,348
Interest and other income	718	-	718	1,286
Gain on extinguishment of debt	444,277	-	444,277	-
Net assets released from restrictions - satisfaction of purpose restriction	566,518	(566,518)	-	-
Total Public Support and Revenue	<u>4,482,875</u>	<u>(137,518)</u>	<u>4,345,357</u>	<u>4,628,409</u>
<u>Expenses</u>				
Program Services				
Pre-Employment	1,287,976	-	1,287,976	1,331,659
Business and Worker Training	1,089,470	-	1,089,470	1,385,511
OAI Chicago Southland	940,323	-	940,323	1,084,465
High Bridge	169,930	-	169,930	170,980
Total program services	<u>3,487,699</u>	<u>-</u>	<u>3,487,699</u>	<u>3,972,615</u>
Management and general	681,880	-	681,880	623,216
Fundraising	41,700	-	41,700	36,018
Total Expenses	<u>4,211,279</u>	<u>-</u>	<u>4,211,279</u>	<u>4,631,849</u>
Change in net assets	271,596	(137,518)	134,078	(3,440)
Net assets, beginning of year	<u>510,736</u>	<u>608,995</u>	<u>1,119,731</u>	<u>1,123,171</u>
Net assets, end of year	<u>\$ 782,332</u>	<u>\$ 471,477</u>	<u>\$ 1,253,809</u>	<u>\$ 1,119,731</u>

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

OAI, INC.**STATEMENT OF FUNCTIONAL EXPENSES****For the Year Ended June 30, 2022 (with summarized comparative totals for 2021)**

	Program Services	Management and General	Fundraising	2022 Total	2021 Total
Salaries and wages	\$ 1,400,789	\$ 432,386	\$ 10,051	\$ 1,843,226	\$ 1,930,985
Fringe benefits and related taxes	356,380	111,541	2,539	470,460	492,669
Total salaries and related expenses	1,757,169	543,927	12,590	2,313,686	2,423,654
Sub-recipients	-	-	-	-	40,273
Contract services	550,124	3,213	26,716	580,053	650,325
Contractual trainers	497,397	-	-	497,397	595,358
Professional fees	6,320	28,389	10	34,719	27,177
Supporting services	106,235	-	-	106,235	181,813
Client services	146,411	-	-	146,411	122,902
Transportation expense	27,354	153	-	27,507	13,229
Seminar fees	11,557	4,452	-	16,009	48,912
Meeting expense	7,810	425	-	8,235	1,142
Occupancy, other than depreciation	211,474	64,219	1,430	277,123	297,062
Telephone	18,901	6,248	146	25,295	25,175
Supplies	42,770	1,195	6	43,971	81,649
Computer expense	8,016	4,072	52	12,140	15,050
Equipment purchases under \$5,000	16,980	-	-	16,980	32,497
Equipment rental, repair and maintenance	4,211	2,054	45	6,310	7,787
Insurance	8,713	8,482	65	17,260	14,022
Postage and shipping	2,144	63	-	2,207	892
Dues and subscriptions	22,422	1,511	640	24,573	13,810
Interest	-	-	-	-	4,475
Miscellaneous	21,226	2,426	-	23,652	4,733
Total expenses before depreciation	3,467,234	670,829	41,700	4,179,763	4,601,937
Depreciation	20,465	11,051	-	31,516	29,912
Total Expenses	\$ 3,487,699	\$ 681,880	\$ 41,700	\$ 4,211,279	\$ 4,631,849

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

OAI, INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 134,078	\$ (3,440)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation of property and equipment	31,516	29,912
Extinguishment of debt and accrued interest	(444,277)	-
(Increase) decrease in assets		
Contract assets	7,750	31,269
Government receivables	(42,755)	(123,877)
Contribution receivables	104,377	(198,045)
Other receivables	(4,643)	(8,106)
Prepaid expenses	(4,363)	7,446
Increase (decrease) in liabilities		
Accounts payable and payroll accrual	(45,134)	107,809
Accrued interest	-	4,475
Refundable advances - other	54,192	74,536
Net cash used in operating activities	<u>(209,259)</u>	<u>(78,021)</u>
<u>Cash Flows from Investing Activities</u>		
Purchases of property and equipment	<u>(27,937)</u>	<u>(34,191)</u>
Net cash used in investing activities	<u>(27,937)</u>	<u>(34,191)</u>
Net decrease in cash and cash equivalents	(237,196)	(112,212)
Cash and cash equivalents, beginning of year	<u>1,335,047</u>	<u>1,447,259</u>
Cash and cash equivalents, end of year	<u>\$ 1,097,851</u>	<u>\$ 1,335,047</u>

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

OAI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Organization

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.

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.

OAI Chicago Southland

The OAI Chicago Southland division provides job training, placement and retention services to residents facing multiple challenges in the Chicago Southland region.

High Bridge

The High Bridge division 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 division 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.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Income Tax Status

The Organization 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). The Organization 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). The Organization continues to operate in compliance with its tax-exempt purpose.

The Organization's annual information and income tax returns filed with the federal and state governments are subject to examination by the IRS, generally for three years after they have been filed.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with the accounting principles generally accepted in the United States of America ("GAAP").

Basis of Presentation

The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions, as required by Generally Accepted Accounting Principles. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Items that affect this net asset category principally consist of gifts without restrictions, including those designated by the Board, fees for service and related expenses associated with the core activities of the Organization.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met, endowment gifts, pledges, and investment returns on endowment funds. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported 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 without restriction.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income be made available for program operations. As of June 30, 2022, there were no net assets subject to donor-imposed restrictions to be maintained permanently.

OAI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

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, 2022.

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 three months or less to be cash equivalents.

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

The Organization reports gifts of land, buildings, and equipment as support without donor restrictions 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 Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ended June 30, 2022, the Organization did not receive any donated property or equipment.

Support and Revenue

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. At June 30, 2022, the Organization has no refundable advances for agreements with measurable barriers and right of returns for amounts received but conditions have not been met.

OAI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that only limit the use of the funds or donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. It is the Organization's policy to immediately liquidate donations of common stock.

The Organization reports gifts of land, buildings, and equipment as without donor restriction 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 Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ending June 30, 2022 no such gifts of land, buildings, or equipment were received.

Government Receivable

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. 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, 2022, there is no allowance for doubtful accounts. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statement of Financial Position. As of June 30, 2022, the Organization had \$129,042 of refundable advances for amounts received on government cost-reimbursable federal and state grants.

Contributions Receivables

Unconditional promises to give are recognized as revenue in the period the pledge is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization uses the specific allowance method to determine uncollectible promises to give. Any allowance is based on previous experience and management's analysis of specific promises made. There was no allowance for uncollectible promises to give at June 30, 2022 as management believes all contributions will be collected.

Contract/Fee for Service Revenue

The Organization recognizes contract revenue (reported as fee for service revenue on the Statement of Activities) at an amount that reflects consideration to which the Organization expects to be entitled to in exchange for transferring goods or services to a customer. To determine the appropriate amount of revenue to be recognized for arrangements determined to be within the scope of ASC 606, the Organization performs the following five steps: (i) identification of the promised goods or

OAI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Organization satisfies each performance obligation. The Organization only applies the five-step model to contracts when it is probable that the Organization will collect consideration it is entitled to in exchange for the goods or services it transfers to the customer.

The majority of the fees for service revenue is earned from the memberships from employers for the Retention Plus program within the OAI Chicago Southland Program. Memberships are nonrefundable and agreed upon prior to being paid yearly, quarterly, or monthly depending on the contract and billed at the beginning of the covered period. The memberships offer employees access to a Retention Plus Navigator, one-on-one coaching, and utilization of the community-based resource network. Revenue is recognized when the performance obligations are satisfied over the membership period. Other fees for service revenue is earned by the High Bridge division through contracts to install landscaping and green infrastructure projects. Revenue is recognized when the services are completed which are then billed. 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, 2022, the Organization received \$19,100 in aggregate fees for service revenue. As of June 30, 2022, the Organization had no fee for service receivables or liabilities.

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, 2022, the Organization did not receive donated services that met this criteria.

In-Kind Contributions

In addition to receiving cash contributions, the Organization 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 financial statements, and similarly records corresponding donation revenue by a like amount. For the year ending June 30, 2022, the Organization did not receive any in-kind donations.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. The financial statements report certain categories of expenses that are attributable to more than one program or

OAI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Certain Vulnerabilities and Concentrations

During the year ended June 30, 2022, the Organization received approximately 71% of its funding from various government agencies. Following is a breakdown by funding agency of the portion of the Organization’s revenue from government agencies for the year ending June 30, 2022 and the grants receivable at June 30, 2022:

	<u>% of Total Government Revenue</u>	<u>Government Contributions Receivable</u>
National Institute of Environmental Health Sciences	74%	64%
U.S. Department of Labor (pass-through IDCEO and Chicago Cook Workforce)	12%	16%
U.S. Environmental Protection Agency	3%	4%
U.S. Department of Agriculture Food and Nutrition Service (pass-through Naional ABLE Network)	2%	7%
Justice Advisory Council	6%	0%
IL Department of Natural Resources	1%	3%
Other	2%	6%
	<u>100%</u>	<u>100%</u>

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

Comparative Information

The 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 Organization’s audited financial statements for the year ended June 30, 2021, from which the summarized information was derived.

OAI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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

Subsequent Events

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Organization has evaluated subsequent events through December 15, 2022, which is the date the financial statements were available to be issued. No subsequent are required to be disclosed as of that date.

Note 2 – Financial Assets and Liquidity Resources

As of June 30, 2022, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets, at year-end:	
Cash and cash equivalents	\$ 1,097,851
Government receivables	586,860
Contribution receivables	203,668
Other receivables	33,138
Total financial assets, at year-end	<u>1,921,517</u>
Less amounts not available to be used within one year:	
Restricted by donor with purpose restrictions	<u>(471,477)</u>
Financial assets not available to be used within one year	<u>(471,477)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$ 1,450,040</u>

The Organization provides various contractual program services from which it receives city, state and federal reimbursement as well as significant unrestricted and restricted gift pledges and contributions from individual, corporation and foundation donors; and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general operating purposes. The organization manages its liquidity and reserves following three guiding principles: 1) operating within a prudent range of financial soundness and stability; 2) maintaining adequate liquid assets to fund near-term operating needs; and 3) maintaining sufficient reserves to provide reasonable assurance that programming is continued, and obligations will be adequately discharged in the future. During the year ended June 30, 2022 the level of liquidity and reserves was managed within the policy requirements.

OAI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2 – Financial Assets and Liquidity Resources (cont.)

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Note 3 – Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 are available for the following purposes:

Hazardous Worker Training	\$ 53,349
Environmental Careers Worker Training	98,359
Job Training and Economic Development	29,079
OAI Chicago Southland Program	125,760
High Bridge	164,930
	<u>\$ 471,477</u>

Note 4 – Property and Equipment

At June 30, 2022, property and equipment are comprised of the following:

Furniture and equipment	\$ 89,031
Computer equipment and software	121,058
Vehicle	19,245
Leasehold improvements	28,053
	<u>257,387</u>
Accumulated depreciation	<u>(205,478)</u>
Net property and equipment	<u>\$ 51,909</u>

Depreciation expense amounted to \$31,516 for the year ended June 30, 2022.

Note 5 – Leases

The Organization leases 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 Statement of Activities for the year ended June 30, 2022, was \$222,667.

OAI, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5 – Leases (cont.)

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

<u>June 30,</u>	<u>Amount</u>
2023	\$ 191,050
2024	189,177
2025	193,443
2026	115,230
	<u>\$ 688,900</u>

Note 6 – Retirement Plan

The 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 Organization matches up to 50 percent of the participating employee’s contribution which does not exceed six percent of their compensation. The Organization contributed and expensed \$41,643 for the year ending June 30, 2022.

Note 7 – Paycheck Protection Loan

In April 2020, the Organization received loan proceeds in the amount of \$438,900 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization has elected to follow ASC 470 and record the entire amount of the loan as debt and accrue interest in accordance with the interest method under ASC Subtopic 835-30, *Imputation of Interest* until the debt is extinguished, which is in accordance with FASB ASC 405-20, when the debtor has been “legally released” as the primary obligor or the debtor satisfies the outstanding balance of the debt. Once the debt is extinguished, the liability would be eliminated and a gain on extinguishment of debt will be recorded. As of June 30, 2022, the loan was fully forgiven and the Organization recorded the full loan of \$438,900 plus accrued interest of \$5,377 as a gain on extinguishment of debt on the statement of activities.

SUPPLEMENTARY INFORMATION

OAI, INC.
SCHEDULE OF EXPENSES BY PROGRAM
For the Year Ended June 30, 2022 (with comparative totals for 2021)

	Pre- Employment Program	Business & Worker Training Program	OAI Chicago Southland Program	High Bridge	2022 Total Program Services	2021 Total Program Services
Salaries	\$ 501,772	\$ 471,848	\$ 404,376	\$ 22,793	\$ 1,400,789	\$ 1,533,820
Fringe benefits and related taxes	127,131	119,746	103,796	5,707	356,380	389,086
Total salaries and related expenses	<u>628,903</u>	<u>591,594</u>	<u>508,172</u>	<u>28,500</u>	<u>1,757,169</u>	<u>1,922,906</u>
Sub-recipients	-	-	-	-	-	40,273
Contract services	278,615	60,959	75,097	135,453	550,124	616,180
Contractual trainers	156,154	315,171	26,072	-	497,397	595,358
Professional fees	623	592	5,073	32	6,320	1,966
Supporting services	26,594	50	79,591	-	106,235	181,813
Client services	330	-	146,081	-	146,411	122,902
Transportation expense	23,123	923	3,082	226	27,354	11,977
Seminar fees	5,606	5,021	930	-	11,557	45,424
Meeting expense	5,509	613	1,688	-	7,810	1,042
Occupancy, other than depreciation	81,120	70,164	56,715	3,475	211,474	239,670
Telephone	7,225	6,780	4,568	328	18,901	19,550
Supplies	14,013	12,298	15,452	1,007	42,770	78,080
Computer expense	2,865	2,709	2,304	138	8,016	10,883
Equipment purchases under \$5,000	16,980	-	-	-	16,980	32,497
Equipment rental, repair and maintenance	2,125	1,992	-	94	4,211	5,461
Insurance	3,127	2,923	2,522	141	8,713	8,385
Postage and shipping	387	856	901	-	2,144	859
Dues and subscriptions	9,488	7,989	4,877	68	22,422	12,493
Miscellaneous	16,800	-	4,426	-	21,226	2,543
Total expenses before depreciation	<u>1,279,587</u>	<u>1,080,634</u>	<u>937,551</u>	<u>169,462</u>	<u>3,467,234</u>	<u>3,950,262</u>
Depreciation	8,389	8,836	2,772	468	20,465	22,353
Total Expenses	<u><u>\$ 1,287,976</u></u>	<u><u>\$ 1,089,470</u></u>	<u><u>\$ 940,323</u></u>	<u><u>\$ 169,930</u></u>	<u><u>\$ 3,487,699</u></u>	<u><u>\$ 3,972,615</u></u>

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

OAI, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June, 30 2022

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through 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				
June 1, 2021 to May 31, 2022	93.142	5 U45 ES007850-27	\$ -	\$ 1,962,418
August 7, 2020 to May 31, 2022	93.142	3 U45 ES007850-26S1	-	70,255
June 1, 2022 to May 31, 2023	93.142	5 U45 ES007850-28	-	175,183
June 1, 2021 to May 31, 2022	93.142	2 U45 ES007850-26	-	77,526
Total U.S. Department of Health and Human Services			- (1)	2,285,382
<u>U.S. Environmental Protection Agency</u>				
Brownfields Job Training Cooperative Agreements				
January 15, 2020 to January 14, 2023	66.815	n/a	-	99,780
May 1, 2022 to May 31, 2025	66.815	n/a	-	3,728
			-	103,508
Total U.S. Environmental Protection Agency			-	103,508
<u>U.S. Department of Labor</u>				
Passed through the Illinois Department of Commerce and Economic Opportunity - WIOA Cluster				
WIOA Adult Program	17.258			
June 1, 2020 to December 31, 2021		19-638010	-	33,874
September 1, 2021 to December 31, 2022		20-635011	-	23,937
WIOA Youth Activities	17.259			
June 1, 2020 to December 31, 2021		19-638010	-	36,297
September 1, 2021 to December 31, 2022		20-635011	-	25,431
WIOA Dislocated Worker Formula Grants	17.278			
June 1, 2020 to December 31, 2021		19-638010	-	51,633
September 1, 2021 to December 31, 2022		20-635011	-	30,079
Passed through Chicago Cook Workforce Partnership - WIOA Cluster				
WIOA Adult Program	17.258			
October 1, 2021 to September 30, 2022		2021-2142	-	119,006
Total WIOA Cluster			- (1)	320,257
Passed through the Illinois Department of Commerce Apprenticeship USA Grants				
January 1, 2022 to June 30, 2023	17.285	21-111017	-	39,293
Total U.S. Department of Labor			-	359,550

(1) Major Program

OAI, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT.)
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Contract Number	Passed Through to Subrecipients	Disbursements or Expenditures
<u>U.S. Department of Agriculture Food and Nutrition Service</u>				
Passed through the National ABLE Network				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)				
July 1, 2021 to June 30, 2022	10.561	IL098S2519	-	65,284
Total U.S. Department of Agriculture Food and Nutrition Service			-	65,284
<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				
July 1, 2020 to December 31, 2021	11.419	N-18-09-08	-	5,614
April 1, 2022 to June 30, 2023	11.419	22-N20-9.2	.	16,507
Total U.S. Department of Commerce National Oceanic and Atmospheric Administration			-	22,121
<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, 2020 to September 30, 2021	14.218	2004-031	-	5,136
October 1, 2021 to September 30, 2022	14.218	2104-060	-	3,453
Total Department of Housing and Urban Development			-	8,589
<u>U.S. Department of the Interior</u>				
Passed through the National Fish and Wildlife Foundation				
Great Lakes Restoration				
November 1, 2018 to October 31, 2022	15.662	0501.18.061604	-	14,036
Total U.S. Department of the Interior			-	14,036
Total Expenditures of Federal Awards			\$ -	\$ 2,858,470

(1) Major Program

OAI, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the Federal grant activity of OAI, Inc., under programs of the federal government for the year ended June 30, 2022. 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*. Because this schedule presents only a selected portion of the operations of OAI, Inc. it is not intended to and does not present the financial position, changes in net assets or cash flows of OAI, Inc..

Note 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 *2 CFR Part 230 – Cost Principles for Non-Profit Organizations (OMB Circular A-122)*, wherein certain types of expenditures are not allowed 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 elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Sub-Recipients

The Organization did not provide any federal awards to sub-recipients during the year ended June 30, 2022.

Note 4 – Other Matters

Amount of non-cash assistance	None
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.
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 financial statements of OAI, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of OAI, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of OAI, Inc.'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.'s 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 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.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Desmond J. Ahern, Ltd

December 15, 2022
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.
Chicago, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited OAI, Inc.'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 OAI, Inc.'s major federal programs for the year ended June 30, 2022. OAI, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, OAI, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of OAI, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of OAI, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to OAI, Inc.'s federal programs.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on OAI, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about OAI, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding OAI, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of OAI, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 OAI, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 15, 2022
Chicago, IL

OAI, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.142	NIEHS Hazardous Waste Worker Health and Safety Training
17.258	WIOA Cluster – WIOA Adult Program
17.259	WIOA Cluster – WIOA Youth Activities
17.278	WIOA Cluster – WIOA Dislocated Worker Formula Grant

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.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

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