

OPPORTUNITY INC.
(A Not-for-profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2011

FRIEDMAN FELDMESSER & KARPELES CPA LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANTS' AUDIT REPORT

Board of Directors
Opportunity Inc.
(a not-for-profit corporation)
West Palm Beach FL

We have audited the accompanying Statement of Financial Position of Opportunity Inc. (a not-for-profit corporation) (the "Organization") as of June 30, 2011, and the related Statements of Activity and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opportunity Inc. (a not-for-profit corporation) as of June 30, 2011, and the results of its activities and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Friedman, Feldmesser & Karpeles CPA LLC
Jupiter FL 33458
October 11, 2011

OPPORTUNITY INC.
(A NOT FOR PROFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

A S S E T S

Cash and cash equivalents	\$241,053
Investments, at market	1,106,553
Grants receivable	24,945
Tuition receivable, net of allowance for uncollectible accounts of \$204	2,052
Prepaid expenses	27,601
Property and equipment, less accumulated depreciation of \$467,877	975,723
Other assets	<u>2,020</u>
Total assets	<u><u>\$2,379,947</u></u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$72,772
Deferred revenue	<u>10,662</u>
Total liabilities	<u>83,434</u>
Net assets, unrestricted	<u>2,296,513</u>
Total liabilities and net assets	<u><u>\$2,379,947</u></u>

See independent accountants' audit report and accompanying footnotes

OPPORTUNITY INC.
(A NOT FOR PROFIT CORPORATION)
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

Revenue & support	
Tuition income, government tuition support	\$614,275
Grant income	329,599
Fund raising functions, net of expenses	184,118
Donations & other income	<u>34,558</u>
Total revenue and support	<u>1,162,549</u>
 Expenses	
Program services	
Daycare & education	<u>1,065,631</u>
Total program services	<u>1,065,631</u>
 Supporting services	
General and administration	204,353
Fund raising	<u>44,441</u>
Total supporting services	<u>248,793</u>
 Total expenses	<u>1,314,424</u>
 Decrease in net assets from operations	(151,875)
 Net investment income	<u>186,232</u>
 Increase in net assets	34,357
 Net assets, beginning of year	<u>2,262,156</u>
 Net assets, end of year	<u><u>\$2,296,513</u></u>

See independent accountants' audit report and accompanying footnotes

**OPPORTUNITY INC.
 (A NOT FOR PROFIT CORPORATION)
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011**

Cash flows from operating activities	
Increase in net assets	\$34,357
Adjustments to reconcile decrease in net assets to net cash used in operating activities	
Non cash changes	
Depreciation	50,876
Realized and unrealized gain on investments	(151,968)
Changes in assets and liabilities	
(Increase) decrease in assets:	
Grants receivable	(3,602)
Tuition receivable	(435)
Prepaid expenses	(10,896)
Other assets	1,625
Increase (Decrease) in liabilities:	
Accounts payable and accrued expenses	38,242
Deferred revenue	<u>10,662</u>
Net cash (used) by operating activities	<u>(31,139)</u>
Cash flows from investing activities	
Purchase of property and equipment	(17,858)
Proceeds from sale of investments	277,533
Purchase of investments	<u>(309,476)</u>
Net cash (used) in investing activities	<u>(49,801)</u>
Net change in cash and cash equivalents	(80,940)
Cash balance, beginning of year	<u>321,993</u>
Cash balance, end of year	<u><u>\$241,053</u></u>

See independent accountants' audit report and accompanying footnotes

OPPORTUNITY INC.
(A NOT FOR PROFIT CORPORATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Total</u>	<u>Program</u>	<u>Gen & adm.</u>	<u>Fundraising</u>
Salaries, benefits and payroll				
taxes	\$981,963	\$787,097	\$150,875	\$43,991
Insurance	32,388	25,926	6,012	450
Food	71,976	71,976	--	--
Teaching supplies	15,620	15,620	--	--
Repairs and maintenance	41,560	33,248	8,312	--
Utilities	25,092	20,074	5,018	--
Office expense	9,012	2,766	6,246	--
Depreciation	50,876	40,701	10,175	--
Credit card discount fee	3,377	3,377	--	--
Professional fees	11,215	--	11,215	--
Janitorial supplies	15,646	12,517	3,129	--
Field trips	13,229	13,229	--	--
Equipment rental	7,116	5,693	1,423	--
Advertising and marketing	8,609	8,609	--	--
Security	4,941	4,941	--	--
All other operating expenses	21,803	19,857	1,946	--
	<u>\$1,314,424</u>	<u>\$1,065,631</u>	<u>\$204,353</u>	<u>\$44,441</u>

See independent accountants' audit report and accompanying footnotes

OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization's Activity

Opportunity, Inc. (the "Organization") is a not-for-profit organization principally engaged in the operation of a daycare and educational facility for children between the ages of 6 weeks to 5 years old and an after school program for elementary school children. In addition, the Organization provides instruction in academics, fine arts, recreation and health screenings for children as well as parenting classes, job-readiness training and counseling for families.

A summary of the Organization's significant accounting policies follows:

Basis of presentation

The Organization's financial statements are presented in accordance with the Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-For Profit Organizations* which prescribes standards for general-purpose external financial statements for all not-for-profit organizations. The Statement requires the classification of an organization's net assets, its revenue and expenses, and gains and losses based on the existence or absence of donor-imposed restrictions. It requires that amounts for each of three classes of net assets (permanently restricted, temporarily restricted and unrestricted) to be displayed in a statement of financial position and that the amounts of the change in each of the three classes of net assets be displayed in a statement of activities.

Net Assets

Unrestricted net assets are presently available for use by the Organization at the discretion of the Board of Directors. Temporarily restricted net assets are expendable only for purposes specified by the donor. The Organization does not have any donor-imposed permanently restricted net assets.

Accounting 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 public support and revenue, and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions include unconditional promises to give and are recognized at their fair values when the promise is made. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designed for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases the net asset class. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Tuition fees are billed weekly and are recognized as revenue in the period in which the related services commence. Tuition fees are charged on a sliding fee scale according to a family's ability to pay.

The Organization receives various grants from state, local and private agencies for program and supporting services. These grants are generally on a cost reimbursement basis. Revenues from grants are deemed earned and recognized in the statement of activities when expenditures are made for the purposes specified.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis.

Donated assets

Assets donated to the Organization are recorded at fair value if determinable, at the date of donation. The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Cash and equivalents

For purposes of reporting cash flows, the Organization considers money market funds, repurchase agreements and certificates of deposits with original maturities of three months or less to be cash equivalents. All of the Organization's cash and cash equivalents are held at three financial institutions, each of which, at times, may exceed federally-insured limits. The Organization has not experienced any losses and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Property and equipment

Property and equipment is stated at cost. Depreciation is provided using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	15 - 40
Land improvements	15
Furniture, fixtures and equipment	7
Vehicles	5

OPPORTUNITY, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Functional allocation of expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of estimates and summarized in the accompanying statement of activities on a functional basis.

Fund-raising activities

The Organization's financial statements are presented in accordance with AICPA Statement of Position 98-2 ("SOP"), *Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Government Entities That Include Fund-Raising*. The SOP establishes criteria for accounting and reporting for any activity that solicits contributions.

Advertising

Advertising costs are expensed when incurred.

NOTE 2 – INVESTMENTS

Investments at June 30, 2011 consist of the following:

Marketable equity and fixed income securities	\$ <u>1,106,553</u>
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Investment gains (losses), all unrestricted, are comprised of the following for the year ended June 30, 2011:

Dividends and interest	\$ 44,755
Net realized and unrealized gains on investments	<u>151,968</u>
	196,723
Less investment expenses	<u>(10,491)</u>
	<u>\$ 186,232</u>

NOTE 3 – PROPERTY AND EQUIPMENT

The major classifications of property and equipment at June 30, 2011 are as follows:

Building and improvements	\$ 946,591
Land and improvements	270,804
Furniture, fixtures and equipment	183,219
Vehicles	<u>42,986</u>
	\$ 1,443,600
Less accumulated depreciation	<u>467,877</u>
	<u>\$ 975,723</u>

OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 – COMMITMENTS

Grants require the fulfillment of certain conditions set forth in the grant instrument. The Organization receives significant funding from government tuition programs, which support the operations of the Organization. These grants require specific supporting documentation to be maintained and fulfillment of certain conditions. Failure to fulfill the conditions set forth in the grant documents could result in the loss of funds from these grantors.

NOTE 5 – LINE OF CREDIT

The Organization has a line of credit with a bank in the amount of \$100,000 which expires September 30, 2011. The rate of interest is 1% above the prime rate as stated by the bank. The collateral for the line is an investment account maintained at the bank. The bank has required that the balance in the investment account not be lower than \$100,000. There was no borrowing under the line at June 30, 2011. The line has been renewed for another year.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

There are temporarily restricted net assets as of June 30, 2011 which are immaterial in relation to the total fund balance and therefore have not been separately stated on the Statement of Financial Position.

NOTE 7 – RETIREMENT PLAN

The organization has a 401(k) plan, which is available to substantially all employees who meet certain eligibility requirements. The Organization adopted an accelerated eligibility option for existing employees. All new employees must be at least twenty-one years of age and complete one year of service and 1,000 hours of work. In prior years the Organization made matching contributions of 50% of the employee's contribution up to a limit of 6% of each eligible employee's gross salary. The Board decided not to match contributions due to needed budget cuts for the last two fiscal years

NOTE 8 SUBSEQUENT EVENTS

The subsequent events have been evaluated through October 11, 2011, the date the financial statements were available to be issued.