

**OPPORTUNITY KNOCKS INCORPORATED
REPORT ON THE AUDIT
OF THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012**

OPPORTUNITY KNOCKS INCORPORATED
TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	2 - 3
Statements of Financial Position	4
Statement of Activities	
For the Year Ended June 30, 2013	5
For the Year Ended June 30, 2012	6
Statement of Functional Expenses	
For the Year Ended June 30, 2013	7
For the Year Ended June 30, 2012	8
Statements of Cash Flows	9 - 10
Notes to the Financial Statements	11 - 15

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Opportunity Knocks Incorporated

We have audited the accompanying financial statements of Opportunity Knocks Incorporated (an Illinois not-for-profit corporation), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opportunity Knocks Incorporated as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Kuntle & Associates, P.C.

OPPORTUNITY KNOCKS INCORPORATED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash	\$ 113,528	\$ 150,293
Pledges Receivable (Net of Allowance for Doubtful Accounts of \$6,305 and \$4,855, respectively)	16,073	37,725
Prepaid Expenses	5,151	3,703
	134,752	191,721
TOTAL CURRENT ASSETS		
FIXED ASSETS		
Vehicles	57,631	57,631
Furniture and Equipment	31,996	13,454
Leasehold Improvements	16,929	16,929
	106,556	88,014
Less – Accumulated Depreciation and Amortization	42,434	21,779
	64,122	66,235
TOTAL FIXED ASSETS		
 TOTAL ASSETS	 \$ 198,874	 \$ 257,956

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES		
Accounts Payable	\$ 3,671	\$ 26,428
Accrued Payroll	3,806	2,223
Accrued Expenses	7,212	6,188
Deferred Rent	0	4,714
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	14,689	39,553
	<hr/>	<hr/>
TOTAL LIABILITIES	14,689	39,553
	<hr/>	<hr/>
NET ASSETS		
Unrestricted	152,984	215,403
Temporarily Restricted	31,201	3,000
	<hr/>	<hr/>
TOTAL NET ASSETS	184,185	218,403
	<hr/>	<hr/>
 TOTAL LIABILITIES AND NET ASSETS	 \$ 198,874	 \$ 257,956
	<hr/> <hr/>	<hr/> <hr/>

See Accompanying Notes To The Financial Statements.

**OPPORTUNITY KNOCKS INCORPORATED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUES				
In-Kind Donations	\$ 109,782	\$ 0	\$ 0	\$ 109,782
Special Events (Net of Costs of Direct Benefits to Donors of \$164,876)	87,389	0	0	87,389
Program Income	77,802	0	0	77,802
Grants and Contributions	20,218	36,201	0	56,419
Interest Income	330	0	0	330
Net Assets Released from Restrictions	8,000	(8,000)	0	0
TOTAL PUBLIC SUPPORT AND REVENUES	303,521	28,201	0	331,722
FUNCTIONAL EXPENSES				
Program Services	291,888	0	0	291,888
Management and General	65,565	0	0	65,565
Fundraising	8,487	0	0	8,487
TOTAL FUNCTIONAL EXPENSES	365,940	0	0	365,940
CHANGE IN NET ASSETS	(62,419)	28,201	0	(34,218)
NET ASSETS,				
BEGINNING OF YEAR	215,403	3,000	0	218,403
END OF YEAR	\$ 152,984	\$ 31,201	\$ 0	\$ 184,185

See Accompanying Notes To The Financial Statements.

**OPPORTUNITY KNOCKS INCORPORATED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUES				
In-Kind Donations	\$ 114,124	\$ 0	\$ 0	\$ 114,124
Special Events (Net of Costs of Direct Benefits to Donors of \$189,994)	52,598	35,196	0	87,794
Program Income	62,783	0	0	62,783
Grants and Contributions	34,989	4,500	0	39,489
Interest Income	310	0	0	310
Net Assets Released from Restrictions	36,696	(36,696)	0	0
TOTAL PUBLIC SUPPORT AND REVENUES	301,500	3,000	0	304,500
FUNCTIONAL EXPENSES				
Program Services	191,476	0	0	191,476
Management and General	57,103	0	0	57,103
Fundraising	9,437	0	0	9,437
TOTAL FUNCTIONAL EXPENSES	258,016	0	0	258,016
CHANGE IN NET ASSETS	43,484	3,000	0	46,484
NET ASSETS,				
BEGINNING OF YEAR	171,919	0	0	171,919
END OF YEAR	\$ 215,403	\$ 3,000	\$ 0	\$ 218,403

See Accompanying Notes To The Financial Statements.

**OPPORTUNITY KNOCKS INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
FUNCTIONAL EXPENSES				
Advertising and Promotion	\$ 327	\$ 3,905	\$ 0	\$ 4,232
Automobile Expense	2,279	0	0	2,279
Bad Debt Expense	0	1,450	0	1,450
Board Development	0	6,507	0	6,507
Depreciation and Amortization	18,590	2,065	0	20,655
Employee Benefits	12,284	0	0	12,284
Fees	0	1,903	0	1,903
Insurance Expense	11,471	198	0	11,669
License and Fees	0	485	0	485
Occupancy	10,537	2,468	0	13,005
Office Expense	11,614	4,217	0	15,831
Payroll Expense	171,440	18,881	0	190,321
Payroll Tax Expense	17,682	1,965	0	19,647
Printing and Copying	5,299	3,494	555	9,348
Professional Services	0	18,027	7,932	25,959
Repairs and Maintenance	20	0	0	20
Staff Development	4,542	0	0	4,542
Supplies	19,100	0	0	19,100
Travel	5,192	0	0	5,192
Volunteer Expenses	1,511	0	0	1,511
TOTAL FUNCTIONAL EXPENSES	\$ 291,888	\$ 65,565	\$ 8,487	\$ 365,940

See Accompanying Notes To The Financial Statements.

**OPPORTUNITY KNOCKS INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
FUNCTIONAL EXPENSES				
Advertising and Promotion	\$ 448	\$ 2,717	\$ 0	\$ 3,165
Automobile Expense	1,512	0	0	1,512
Bad Debt Expense	0	4,855	0	4,855
Board Development	0	3,040	0	3,040
Contributions and Donations	810	0	0	810
Depreciation and Amortization	8,804	978	0	9,782
Employee Benefits	5,776	0	0	5,776
Fees	0	470	0	470
Insurance Expense	9,192	172	0	9,364
License and Fees	37	570	0	607
Occupancy	12,478	1,843	0	14,321
Office Expense	1,604	1,515	0	3,119
Payroll Expense	109,067	13,536	0	122,603
Payroll Tax Expense	12,378	1,376	0	13,754
Printing and Copying	2,910	1,351	1,505	5,766
Professional Services	0	22,972	7,932	30,904
Repairs and Maintenance	312	0	0	312
Staff Development	1,751	1,081	0	2,832
Supplies	19,955	0	0	19,955
Travel	1,629	627	0	2,256
Volunteer Expenses	2,813	0	0	2,813
TOTAL FUNCTIONAL EXPENSES	\$ 191,476	\$ 57,103	\$ 9,437	\$ 258,016

See Accompanying Notes To The Financial Statements.

OPPORTUNITY KNOCKS INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Grants, Donations and Other Sources	\$ 406,688	\$ 340,010
Interest Received	330	310
Paid to Suppliers and Employees	(425,241)	(284,278)
Interest Paid	0	0
Income Taxes Paid	0	0
	(18,223)	56,042
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for the Purchase of Fixed Assets	(18,542)	(52,979)
	(18,542)	(52,979)
NET CASH USED IN INVESTING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(36,765)	3,063
CASH AND CASH EQUIVALENTS,		
BEGINNING OF YEAR	150,293	147,230
END OF YEAR	\$ 113,528	\$ 150,293

See Accompanying Notes To The Financial Statements.

OPPORTUNITY KNOCKS INCORPORATED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ (34,218)</u>	<u>\$ 46,484</u>
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation and Amortization	20,655	9,782
Allowance for Doubtful Accounts	1,450	4,855
Changes in Certain Assets and Liabilities:		
Pledges Receivable	20,202	(40,050)
Prepaid Expenses	(1,448)	6,928
Accounts Payable	(22,757)	24,579
Accrued Payroll	1,583	491
Accrued Expenses	1,024	6,188
Deferred Rent	<u>(4,714)</u>	<u>(3,215)</u>
Total Adjustments	<u>15,995</u>	<u>9,558</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (18,223)</u></u>	<u><u>\$ 56,042</u></u>

See Accompanying Notes To The Financial Statements.

**OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Nature of Organization

Opportunity Knocks Incorporated (the "Organization") is an Illinois not-for-profit corporation formed for the purpose of providing opportunities and resources for individuals with developmental disabilities so they may pursue their educational, occupational, and social interests. The Organization was formed in March 2009. The mission is carried out by providing opportunities and resources for individuals with developmental disabilities so that they may pursue their educational, occupational and social interests.

B) Basis of Accounting

The Organization's accounts are maintained on the accrual basis of accounting. Grants and other contributions are reported as temporarily restricted support if they are received with stipulations that limit the use of the funding. When the 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 statement of activities as net assets released from restrictions. Expenses are recorded when incurred.

C) Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the statement, the Organization does not use fund accounting.

D) Accounting Policies

Cash and Cash Equivalents - For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Accounting Policies (Continued)

Pledges Receivable - When a donor has unconditionally promised to contribute funds in future periods, the Organization recognizes the fair value of the pledge receivable. Pledges expected to be collected within one year are recorded as a donation and a receivable at net realizable value, which approximates fair value. Pledges expected to be collected in future years are recorded as a donation and a receivable at the present value of the expected future cash flows. Pledges receivable at June 30, 2013 and 2012 were expected to be collected within one year.

Allowance for Doubtful Accounts - Management provides for probable uncollectible amounts through bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable. The allowance for doubtful accounts at June 30, 2013 and 2012 is \$6,305 and \$4,855, respectively.

Fixed Assets - Purchased furniture, equipment and vehicles are recorded at cost, while donated fixed assets are recorded at their estimated fair value on the date of donation. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of fixed assets are capitalized. Depreciation is computed on the straight-line method over various useful lives. Depreciation expense is \$4,837 and \$4,945 for the years ended June 30, 2013 and 2012, respectively. Leasehold improvements are stated at cost. Amortization is computed on a straight-line basis over various useful lives. Amortization expense for the years ended June 30, 2013 and 2012 is \$15,818 and \$4,837, respectively.

Donated Goods - Donated goods are recognized as a contribution at their estimated fair value when donated to the Organization. During the years ended June 30, 2013 and 2012, the Organization received donated items for the Organization's several auctions valued at \$68,782 and \$67,674, respectively. This amount is included as an in-kind donation revenue and special event expense on the statement of activities.

OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D) Accounting Policies (Continued)

Donated Services - Donated services are recognized as in-kind revenues at their estimated fair value when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they were not donated. For the years ended June 30, 2013 and 2012, the Organization received donated payroll services and accounting assistance valued at \$5,000 and \$10,450, respectively. This amount is included as an in-kind donation revenue and management and general expense on the statement of activities. In addition, the Organization received donated finance, communications, and development assistance valued at \$36,000, respectively. This amount is included as an in-kind donation revenue and special event, fundraising, and management and general expense on the statement of activities. The Organization also receives donated services from a variety of unpaid volunteers assisting the Organization in its programs. No amounts have been recognized for these services in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Accordingly, a provision for income taxes has not been made on the financial statements.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RELATED PARTY TRANSACTIONS

Goodcity NFP was the fiscal agent for Opportunity Knocks Incorporated until June 30, 2011, when the relationship was dissolved. As of July 1, 2011, Opportunity Knocks Incorporated assumed its own fiscal responsibilities.

OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 3 - OPERATING LEASE

The Organization leases its facility under a three and a half year operating lease that expired in June 2013. Monthly rent under this lease started at \$1,000, with a \$250 annual increase from January 2011 to December 2011 and a \$250 increase from January 2012 to June 2013. Deferred rent liability in the accompanying balance sheet results from the straight-line recognition of rent expense over the term of the lease agreement. For the years ended June 30, 2013 and 2012, rent expense is \$11,554 and \$13,286, respectively. The Organization began renting its facility on a month-to-month basis beginning July 1, 2013.

NOTE 4 - NET ASSET RESTRICTIONS

Temporarily restricted net assets are available for the following purposes at June 30, 2013 and 2012:

Temporarily Restricted Net Assets	2013	2012
Contributions - Fund-A-Need	\$ 31,201	\$ 0
Parent/Sibling Support Group	0	3,000
Total Temporarily Restricted Net Assets	<u>\$ 31,201</u>	<u>\$ 3,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the years ended June 30, 2013 and 2012:

Purpose Restriction Accomplished:	2013	2012
Parent/Sibling Support Group	\$ 8,000	\$ 1,500
Bus Purchase	0	35,196
Total Restrictions Released	<u>\$ 8,000</u>	<u>\$ 36,696</u>

NOTE 5 - ACCOUNTING FOR UNCERTAIN TAX POSITIONS

The Organization files its tax returns with the U.S. federal and various state and local tax jurisdictions. With few exceptions, the Organization is no longer subject to examinations by major tax jurisdictions for the years prior to 2010. The Organization had no income tax expense for the years ended June 30, 2013 and 2012, respectively.

The Organization includes penalties and interest assessed by taxing authorities in its operating expenses. These total to \$0 for the years ended June 30, 2013 and 2012, respectively.

OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

NOTE 6 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is September 6, 2013, the date the financial statements were available to be issued.