

**OPPORTUNITY KNOCKS INCORPORATED
REPORT ON THE AUDIT
OF THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2014 AND 2013**

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, 2014	5
For the Year Ended June 30, 2013	6
Statement of Functional Expenses	
For the Year Ended June 30, 2014	7
For the Year Ended June 30, 2013	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, 2014 and 2013, 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, 2014 and 2013, 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.

Knuttle & Associates, P.C.

OPPORTUNITY KNOCKS INCORPORATED
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash	\$ 100,580	\$ 113,528
Pledges Receivable (Net of Allowance for Doubtful Accounts of \$1,500 and \$6,305, Respectively)	24,596	14,823
Grants Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	2,500	1,250
Other Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	800	0
Prepaid Expenses	5,288	5,151
TOTAL CURRENT ASSETS	133,764	134,752
FIXED ASSETS		
Vehicles	50,131	57,631
Furniture and Equipment	54,399	31,996
Leasehold Improvements	16,929	16,929
	121,459	106,556
Less – Accumulated Depreciation and Amortization	56,245	42,434
TOTAL FIXED ASSETS	65,214	64,122
 TOTAL ASSETS	 \$ 198,978	 \$ 198,874

LIABILITIES AND NET ASSETS

	2014	2013
CURRENT LIABILITIES		
Accounts Payable	\$ 12,465	\$ 3,671
Accrued Payroll	8,799	3,806
Accrued Expenses	9,100	7,212
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	30,364	14,689
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TOTAL LIABILITIES	30,364	14,689
	<hr/>	<hr/>
NET ASSETS		
Unrestricted	168,614	152,984
Temporarily Restricted	0	31,201
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TOTAL NET ASSETS	168,614	184,185
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 TOTAL LIABILITIES AND NET ASSETS	 \$ 198,978	 \$ 198,874
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See Accompanying Notes To The Financial Statements.

**OPPORTUNITY KNOCKS INCORPORATED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT, REVENUES AND GAINS				
Grants and Contributions	\$ 229,600	\$ 0	\$ 0	\$ 229,600
Program Income	114,877	0	0	114,877
In-Kind Donations	104,774	0	0	104,774
Special Events (Net of Costs of Direct Benefits to Donors of \$186,768)	98,023	0	0	98,023
Gain on Sale of Assets	425	0	0	425
Interest Income	127	0	0	127
Net Assets Released from Restrictions	31,201	(31,201)		0
TOTAL PUBLIC SUPPORT, REVENUES AND GAINS	579,027	(31,201)	0	547,826
FUNCTIONAL EXPENSES				
Program Services				
After Opps	210,702	0	0	210,702
Life Shop	158,905	0	0	158,905
Morning Opportunities	68,176	0	0	68,176
Total Program Services	437,783	0	0	437,783
Management and General	108,407	0	0	108,407
Fundraising	17,207	0	0	17,207
TOTAL FUNCTIONAL EXPENSES	563,397	0	0	563,397
CHANGE IN NET ASSETS	15,630	(31,201)	0	(15,571)
NET ASSETS,				
BEGINNING OF YEAR	152,984	31,201	0	184,185
END OF YEAR	\$ 168,614	\$ 0	\$ 0	\$ 168,614

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				
Grants and Contributions	\$ 20,218	\$ 36,201	\$ 0	\$ 56,419
Program Income	77,802	0	0	77,802
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
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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
FUNCTIONAL EXPENSES				
Advertising and Promotion	\$ 2,044	\$ 7,412	\$ 675	\$ 10,131
Automobile	2,453	0	0	2,453
Board Development	0	4,262	734	4,996
Contributions and Donations	979	0	0	979
Depreciation and Amortization	18,780	2,156	0	20,936
Employee Benefits	28,538	3,072	693	32,303
Fees	1,448	2,891	55	4,394
Insurance	10,222	1,136	0	11,358
Occupancy	27,696	8,018	0	35,714
Office	1,864	202	1	2,067
Payroll	283,313	43,706	2,444	329,463
Payroll Tax	25,957	2,884	0	28,841
Postage	6	1,725	0	1,731
Printing and Copying	2,633	4,547	0	7,180
Professional Services	0	23,899	12,500	36,399
Repairs and Maintenance	0	269	0	269
Staff Development	3,514	0	0	3,514
Supplies	26,550	1,724	105	28,379
Travel	32	6	0	38
Volunteer Costs	1,754	498	0	2,252
TOTAL FUNCTIONAL EXPENSES	\$ 437,783	\$ 108,407	\$ 17,207	\$ 563,397

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	2,279	0	0	2,279
Bad Debt	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	11,471	198	0	11,669
License and Fees	0	485	0	485
Occupancy	10,537	2,468	0	13,005
Office	11,614	4,217	0	15,831
Payroll	171,440	18,881	0	190,321
Payroll Tax	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 Costs	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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Grants, Donations and Other Sources	\$ 617,445	\$ 406,688
Interest Received	127	330
Paid to Suppliers and Employees	(608,917)	(425,241)
Interest Paid	0	0
Income Taxes Paid	0	0
	8,655	(18,223)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the Sale of Fixed Assets	800	0
Payments for the Purchase of Fixed Assets	(22,403)	(18,542)
	(21,603)	(18,542)
NET CASH USED IN INVESTING ACTIVITIES		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,948)	(36,765)
CASH AND CASH EQUIVALENTS,		
BEGINNING OF YEAR	113,528	150,293
END OF YEAR	\$ 100,580	\$ 113,528

See Accompanying Notes To The Financial Statements.

OPPORTUNITY KNOCKS INCORPORATED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ (15,571)</u>	<u>\$ (34,218)</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	20,936	20,655
Allowance for Doubtful Accounts	(4,805)	1,450
Gain on Sale of Fixed Assets	(425)	0
Changes in Certain Assets and Liabilities:		
Pledges Receivable	(4,968)	20,202
Grants Receivable	(1,250)	0
Other Receivable	(800)	0
Prepaid Expenses	(137)	(1,448)
Accounts Payable	8,794	(22,757)
Accrued Payroll	4,993	1,583
Accrued Expenses	1,888	1,024
Deferred Rent	0	(4,714)
Total Adjustments	<u>24,226</u>	<u>15,995</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ 8,655</u></u>	<u><u>\$ (18,223)</u></u>

See Accompanying Notes To The Financial Statements.

**OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

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. A summary of the Organization's program services are described below:

After Opps - After Opps is an after school/after work program that offers social and recreational activities. The Organization holds 4 After Opps program seasons (winter, spring, summer and fall) consisting of one 5-week and one following 4-week session. The Organization aims to stimulate the interest of various leisurely activities, participation within the community, and the continued engagement of these activities outside of programs.

Life Shop - Presently, the Life Shop is in the midst of the pilot phase and is limited to serving 10 participants. In the fall of 2014, the Organization hopes to expand the program, serving more individuals. The Life Shop strives to maximize opportunities for the older than 22 adult with developmental disabilities. The pilot is focused on the Warrior in three phases: health & wellness, improving life skills and community integration.

Morning Opps - Morning Opps, launched in 2012, provides activities for the students in Oak Park River Forest High School's TEAM (Transitional Education with Access to the Mainstream) classrooms. Morning Opps, is offered on late arrival Wednesdays throughout the school year when the Oak Park River Forest High School faculty and staff participate in professional development training.

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.

OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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

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. 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.

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, 2014 and 2013 were expected to be collected within one year.

Allowance for Doubtful Accounts - Pledges, grants and other receivable are stated at the amount management expects to collect from outstanding balances. 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, 2014 and 2013 is \$1,500 and \$6,305, respectively.

OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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

D) Accounting Policies (Continued)

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 \$20,936 and \$15,818 for the years ended June 30, 2014 and 2013, 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, 2014 and 2013 is \$0 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, 2014 and 2013, the Organization received donated items for the Organization's several auctions valued at \$54,774 and \$68,782, respectively. These amounts are included as in-kind donation revenue and special event expense on the statement of activities.

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, 2014 and 2013, the Organization received donated payroll services and accounting assistance valued at \$0 and \$5,000, respectively. These amounts are included as 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 for the years ended June 30, 2014 and 2013, respectively. These amounts are included as 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.

OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

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

D) Accounting Policies (Continued)

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 - OPERATING LEASE

The Organization leased its facility under a three and a half year operating lease that ended June 30, 2013. Monthly rent for this lease was \$1,500. The Organization currently leases its facility under a two year operating lease that began July 1, 2013. Monthly rent under this lease is \$2,700. For the years ended June 30, 2014 and 2013, rent expense is \$32,584 and \$11,554, respectively. Future minimum payments on operating leases are as follows:

For the Year Ended June 30, 2015 \$ 32,400

NOTE 3 - NET ASSET RESTRICTIONS

Temporarily restricted net assets are available for the following purposes at June 30, 2014 and 2013:

Temporarily Restricted Net Assets	2014	2013
Contributions - Fund-A-Need	\$ 0	\$ 31,201
Total Temporarily Restricted Net Assets	<u>\$ 0</u>	<u>\$ 31,201</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the years ended June 30, 2014 and 2013:

Purpose Restriction Accomplished:	2014	2013
Fund-A-Need	\$ 31,201	\$ 0
Parent/Sibling Support Group	0	8,000
Total Restrictions Released	<u>\$ 31,201</u>	<u>\$ 8,000</u>

OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

NOTE 4 - RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to current year presentation.

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 tax years 2010 and prior. The Organization had no income tax expense for the years ended June 30, 2014 and 2013.

The Organization includes penalties and interest assessed by taxing authorities in its operating expenses. These total to \$0 for the years ended June 30, 2014 and 2013, respectively.

NOTE 6 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2014, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 9, 2014, the date the financial statements were available to be issued.