

**OPPORTUNITY KNOCKS INCORPORATED
REPORT ON THE AUDIT
OF THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015**

OPPORTUNITY KNOCKS INCORPORATED
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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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 AND 2015

ASSETS

	2016	2015
CURRENT ASSETS		
Cash	\$ 176,952	\$ 82,918
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$4,235 and \$1,500, Respectively)	31,987	14,140
Pledges Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	6,295	2,655
Grants Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	45,000	10,000
Other Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	3,245	0
	263,479	109,713
FIXED ASSETS		
Vehicles	50,131	50,131
Furniture and Equipment	80,019	78,519
Leasehold Improvements	19,429	16,929
	149,579	145,579
Less – Accumulated Depreciation and Amortization	102,365	78,111
	47,214	67,468
 TOTAL ASSETS	 \$ 310,693	 \$ 177,181

LIABILITIES AND NET ASSETS

	2016	2015
CURRENT LIABILITIES		
Accounts Payable	\$ 2,422	\$ 1,379
Deferred Program Revenue	2,090	3,332
Accrued Payroll	16,417	7,497
Accrued Expenses	1,173	815
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	22,102	13,023
	<hr/>	<hr/>
TOTAL LIABILITIES	22,102	13,023
	<hr/>	<hr/>
NET ASSETS		
Unrestricted	243,591	154,158
Temporarily Restricted	45,000	10,000
	<hr/>	<hr/>
TOTAL NET ASSETS	288,591	164,158
	<hr/>	<hr/>
 TOTAL LIABILITIES AND NET ASSETS	 \$ 310,693	 \$ 177,181
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See Accompanying Notes To The Financial Statements.

**OPPORTUNITY KNOCKS INCORPORATED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUES				
Grants and Contributions	\$ 324,060	\$ 45,000	\$ 0	\$ 369,060
Special Events (Net of Costs of Direct Benefits to Donors of \$208,553)	217,515	0	0	217,515
Program Income	152,227	0	0	152,227
In-Kind Donations	92,435	0	0	92,435
Illinois Tax Credit	15,000	0	0	15,000
Interest Income	71	0	0	71
Net Assets Released from Restrictions	10,000	(10,000)	0	0
TOTAL PUBLIC SUPPORT AND REVENUES	811,308	35,000	0	846,308
FUNCTIONAL EXPENSES				
Program Services				
After Opps	390,137	0	0	390,137
Life Shop	187,777	0	0	187,777
Morning Opps	21,185	0	0	21,185
Total Program Services	599,099	0	0	599,099
Management and General Fundraising	117,424	0	0	117,424
	5,352	0	0	5,352
TOTAL FUNCTIONAL EXPENSES	721,875	0	0	721,875
CHANGE IN NET ASSETS	89,433	35,000	0	124,433
NET ASSETS,				
BEGINNING OF YEAR	154,158	10,000	0	164,158
END OF YEAR	\$ 243,591	\$ 45,000	\$ 0	\$ 288,591

See Accompanying Notes To The Financial Statements.

OPPORTUNITY KNOCKS INCORPORATED
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT AND REVENUES				
Grants and Contributions	\$ 265,394	\$ 10,000	\$ 0	\$ 275,394
Special Events (Net of Costs of Direct Benefits to Donors of \$170,906)	144,361	0	0	144,361
Program Income	138,121	0	0	138,121
In-Kind Donations	79,872	0	0	79,872
Interest Income	133	0	0	133
Net Assets Released from Restrictions	0	0	0	0
TOTAL PUBLIC SUPPORT AND REVENUES	627,881	10,000	0	637,881
FUNCTIONAL EXPENSES				
Program Services				
After Opps	271,851	0	0	267,211
Life Shop	226,242	0	0	226,242
Morning Opps	17,759	0	0	17,759
Total Program Services	515,851	0	0	515,851
Management and General	114,523	0	0	114,523
Fundraising	11,963	0	0	11,963
TOTAL FUNCTIONAL EXPENSES	642,337	0	0	642,337
CHANGE IN NET ASSETS	(14,456)	10,000	0	(4,456)
NET ASSETS,				
BEGINNING OF YEAR	168,614	0	0	168,614
END OF YEAR	\$ 154,158	\$ 10,000	\$ 0	\$ 164,158

See Accompanying Notes To The Financial Statements.

**OPPORTUNITY KNOCKS INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
FUNCTIONAL EXPENSES				
Advertising and Promotion	\$ 7,486	\$ 3,768	\$ 137	\$ 11,391
Automobile	2,077	0	0	2,077
Bad Debt	6,648	0	0	6,648
Board Development	245	1,325	149	1,719
Depreciation and Amortization	21,829	2,425	0	24,254
Employee Benefits	40,571	4,237	0	44,808
Insurance	18,499	2,009	0	20,508
License and Fees	643	6,348	0	6,991
Occupancy	28,040	9,347	0	37,387
Office	1,460	2,304	0	3,764
Payroll	389,028	51,869	3,366	444,263
Payroll Tax	33,832	3,759	0	37,591
Postage	310	1,852	0	2,162
Printing and Copying	541	5,693	0	6,234
Professional Services	1,168	7,335	0	8,503
Repairs and Maintenance	288	2,416	0	2,704
Contributions and Scholarships	3,000	0	0	3,000
Staff Development	10,198	1,013	1,119	12,330
Supplies	32,671	11,320	0	43,991
Travel	423	24	0	447
Volunteer Costs	142	380	581	1,103
TOTAL FUNCTIONAL EXPENSES	<u>\$ 599,099</u>	<u>\$ 117,424</u>	<u>\$ 5,352</u>	<u>\$ 721,875</u>

See Accompanying Notes To The Financial Statements.

**OPPORTUNITY KNOCKS INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
FUNCTIONAL EXPENSES				
Advertising and Promotion	\$ 471	\$ 5,223	\$ 706	\$ 6,400
Automobile	3,725	0	0	3,725
Bad Debt	3,158	0	0	3,158
Board Development	0	688	582	1,270
Depreciation and Amortization	19,679	2,187	0	21,866
Employee Benefits	11,936	1,295	6	13,237
Insurance	17,427	1,936	0	19,363
License and Fees	275	4,147	0	4,422
Occupancy	27,540	8,142	0	35,682
Office	1,042	1,167	49	2,258
Payroll	370,962	55,620	10,310	436,892
Payroll Tax	32,351	3,595	0	35,946
Postage	25	1,799	0	1,824
Printing and Copying	354	8,771	57	9,182
Professional Services	0	9,750	0	9,750
Repairs and Maintenance	0	44	0	44
Staff Development	0	2,701	37	2,738
Supplies	24,001	7,458	193	31,652
Travel	1,899	0	0	1,899
Volunteer Costs	1,006	0	23	1,029
TOTAL FUNCTIONAL EXPENSES	\$ 515,851	\$ 114,523	\$ 11,963	\$ 642,337

See Accompanying Notes To The Financial Statements.

OPPORTUNITY KNOCKS INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Grants, Donations and Other Sources	\$ 894,733	\$ 730,057
Interest Received	71	133
Paid to Suppliers and Employees	(800,770)	(744,232)
Interest Paid	0	0
Income Taxes Paid	0	0
	94,034	(14,042)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for the Purchase of Fixed Assets	0	(3,620)
	0	(3,620)
NET CASH USED IN INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	94,034	(17,662)
CASH AND CASH EQUIVALENTS,		
BEGINNING OF YEAR	82,918	100,580
END OF YEAR	\$ 176,952	\$ 82,918
NON-CASH OPERATING ACTIVITIES		
Donated Goods	\$ 81,460	\$ 52,872
Donated Fixed Assets	4,000	20,500
Donated Services	6,475	5,000
Donated Space	500	1,500
	\$ 92,435	79,872
TOTAL NON-CASH OPERATING ACTIVITIES		

See Accompanying Notes To The Financial Statements.

OPPORTUNITY KNOCKS INCORPORATED
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ 124,433</u>	<u>\$ (4,456)</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation and Amortization	24,254	21,866
Donated Fixed Assets	(4,000)	(20,500)
Allowance for Doubtful Accounts	2,735	0
Changes in Certain Assets and Liabilities:		
Accounts Receivable	(20,582)	10,456
Pledges Receivable	(3,640)	(2,655)
Grants Receivable	(35,000)	(7,500)
Other Receivable	(3,245)	800
Prepaid Expenses	0	5,288
Accounts Payable	1,043	(11,086)
Deferred Program Revenue	(1,242)	3,332
Accrued Payroll	8,920	(1,302)
Accrued Expenses	358	(8,285)
Total Adjustments	<u>(30,399)</u>	<u>(9,586)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u><u>\$ 94,034</u></u>	<u><u>\$ (14,042)</u></u>

See Accompanying Notes To The Financial Statements.

**OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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 - Life Shop began as a pilot program in the fall of 2015. The Organization has expanded the program, serving more individuals. The Life Shop strives to maximize opportunities for the older than 22 adult with developmental disabilities. The program 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, 2016 AND 2015

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, 2016 and 2015 were expected to be collected within one year.

Allowance for Doubtful Accounts - 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 is \$4,235 and \$1,500 at June 30, 2016 and 2015, respectively.

OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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 \$24,087 and \$21,866 for the years ended June 30, 2016 and 2015, respectively. Leasehold improvements are stated at cost. Amortization is computed on a straight-line basis over various useful lives. Amortization expense is \$167 and \$0 for the years ended June 30, 2016 and 2015, 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, 2016 and 2015, the Organization received donated items for the Organization's several auctions valued at \$81,460 and \$52,872, respectively. These amounts are included as in-kind donations revenue and special events expense on the statement of activities.

Donated Fixed Assets - Donated fixed assets are recognized as a contribution at their estimated fair value when donated to the Organization. During the years ended June 30, 2016 and 2015, the Organization received donated items valued at \$4,000 and \$20,500, respectively. These amounts are included as in-kind donations revenue on the statement of activities and furniture and equipment on the statement of financial position.

Donated Space - Donated space is recognized as a contribution at estimated fair value when donated to the Organization. During the years ended June 30, 2016 and 2015, the Organization received donated space valued at \$500 and \$1,500, respectively. These amounts are included as in-kind donations revenue and program service 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. During the years ended June 30, 2016 and 2015, the Organization received donated services valued at \$6,475 and \$5,000, respectively. This amount is included as in-kind donations revenue and program service expense on the statement of activities.

OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

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

D) Accounting Policies (Continued)

Donated Services (Continued) - 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 - OPERATING LEASE

The Organization leased its facility under a two year operating lease that expired June 30, 2015. Monthly rent under this lease was \$2,700. The Organization exercised a third year option at \$3,000 per month extending the lease to June 30, 2016. During the year ended June 30, 2016, the Organization entered into a new lease that extended the lease to June 30, 2021. The new lease calls for monthly rent of \$2,800. For the years ended June 30, 2016 and 2015, rent expense is \$35,400 and \$32,400, respectively.

Future minimum payments of operating leases are as follows:

For the year ended June 30, 2017	\$	33,600
2018		33,600
2019		33,600
2020		33,600
2021		33,600
		<hr/>
	\$	168,000
		<hr/>

OPPORTUNITY KNOCKS INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

NOTE 3 - NET ASSET RESTRICTIONS

Temporarily restricted net assets are available for the following purposes at June 30, 2016 and 2015:

Temporarily Restricted Net Assets	2016	2015
Grants - Foundations: Warrior Wellness	\$ 45,000	\$ 10,000
Total Temporarily Restricted Net Assets	<u>\$ 45,000</u>	<u>\$ 10,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose Restriction Accomplished:	2016	2015
Warrior Wellness Support	\$ 10,000	\$ 0
Total Restrictions Released	<u>\$ 10,000</u>	<u>\$ 0</u>

NOTE 4 - SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 4, 2016, the date the financial statements were available to be issued.