

**OPPORTUNITY, INC. OF PALM BEACH COUNTY**

**(A Not-for-Profit Corporation)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2016**

**FRIEDMAN FELDMESSER & KARPELES CPA LLC  
CERTIFIED PUBLIC ACCOUNTANTS**

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# FRIEDMAN, FELDMESSER & KARPELES, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Kenneth R. Friedman, CPA

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Richard L. Karpeles, CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Opportunity, Inc. of Palm Beach County  
West Palm Beach, Florida

### Report on the Financial Statements

We have audited the accompanying statement of financial position of Opportunity, Inc. of Palm Beach County, as of June 30, 2016, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 opinion.

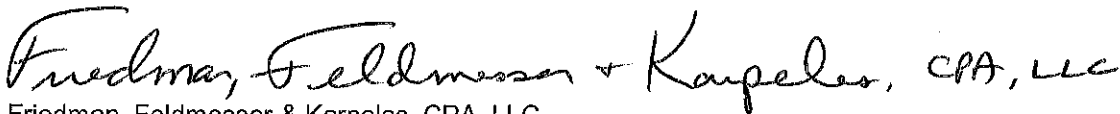
## INDEPENDENT AUDITORS' REPORT (CONT'D)

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opportunity, Inc. of Palm Beach County, as of June 30, 2016, and the change in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles in the United States of America.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated, November 19, 2016, on our consideration of Opportunity, Inc. of Palm Beach County's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Opportunity, Inc. of Palm Beach County's internal control over financial reporting or compliance.



Friedman, Feldmesser & Karpeles, CPA, LLC

Jupiter, Florida

November 10, 2016

**OPPORTUNITY, INC. OF PALM BEACH COUNTY**  
**(A Not-for-Profit Corporation)**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**

<b>ASSETS</b>	<u><b>2016</b></u>
Cash and cash equivalents	\$ 2,860,018
Investments, at market	1,454,407
Grants receivable	42,265
Special events receivable, net of allowance for uncollectible accounts of \$0	5,000
Prepaid insurance	25,855
Other assets	300
Property and equipment, net of accumulated depreciation	<u>2,927,228</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,315,073</u></u>
<b>LIABILITIES AND NET ASSET</b>	
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	\$ 70,789
Insurance payable	20,749
Line of credit - Harris bank	29,425
Other liabilities	<u>1,783</u>
<b>TOTAL LIABILITIES</b>	<u>122,746</u>
<b>NET ASSETS</b>	
Unrestricted	4,224,327
Temporarily Restricted	2,468,000
Permanently Restricted	<u>500,000</u>
<b>TOTAL NET ASSETS</b>	<u>7,192,327</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 7,315,073</u></u>

The accompanying notes are an integral part of these financial statements.

**OPPORTUNITY, INC. OF PALM BEACH COUNTY**  
**(A Not-For-Profit Corporation)**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2016**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUES AND OTHER SUPPORT</b>				
Tuition income	\$ 621,724	\$ -	\$ -	\$ 621,724
Grant income	633,544	-	-	633,544
Special events revenue, net after expenses of \$214,148	125,777	-	-	125,777
Expansion project	-	2,439,222	-	2,439,222
Endowment	-	-	-	-
Investment income (loss), net	(48,731)	4,052	-	(44,679)
Donations and other Income	57,086	-	-	57,086
Net assets released from restrictions	1,809,783	(1,809,783)	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<u>3,199,183</u>	<u>633,491</u>	<u>-</u>	<u>3,832,674</u>
<b>EXPENSES</b>				
Program services				
Daycare and education	1,336,691	-	-	1,336,691
Supporting services				
General and administrative	263,688	-	-	263,688
Fund-raising	75,721	-	-	75,721
<b>TOTAL EXPENSES</b>	<u>1,676,100</u>	<u>-</u>	<u>-</u>	<u>1,676,100</u>
<b>CHANGE IN NET ASSETS</b>	1,523,083	633,491	-	2,156,574
<b>NET ASSETS, BEGINNING</b>	<u>2,701,244</u>	<u>1,834,509</u>	<u>500,000</u>	<u>5,035,753</u>
<b>NET ASSETS, ENDING</b>	<u>\$ 4,224,327</u>	<u>\$ 2,468,000</u>	<u>\$ 500,000</u>	<u>\$ 7,192,327</u>

The accompanying notes are an integral part of these financial statements.

**OPPORTUNITY, INC. OF PALM BEACH COUNTY**  
**(A Not-For-Profit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2015**

	<u>TOTAL</u>	<u>PROGRAM</u>	<u>GENERAL AND ADMINISTRATIVE</u>	<u>FUND-RAISING</u>
<b>Allocation of Functional Expenses:</b>				
Salaries, benefits and payroll taxes	\$ 1,231,010	\$ 1,003,808	\$ 156,722	\$ 70,480
Insurance	22,798	18,238	4,560	-
Food	82,144	82,144	-	-
Teaching supplies	31,226	31,226	-	-
Repairs and maintenance	42,474	33,979	8,495	-
Utilities	26,273	21,018	5,255	-
Office expense	10,011	8,009	2,002	-
Depreciation	58,667	46,934	11,733	-
Credit card discount fee	6,488	6,488	-	-
Professional fees	51,043	-	51,043	-
Interest	11,228	-	11,228	-
Janitorial supplies	15,412	12,330	3,082	-
Field trips & other	12,814	12,814	-	-
Equipment rental	15,237	12,190	3,047	-
Advertising and marketing	15,883	15,883	-	-
Security	2,297	1,838	459	-
Software	5,241	-	-	5,241
Bad debt expense	5,549	5,549	-	-
Other	30,305	24,244	6,061	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,676,100</b>	<b>\$ 1,336,691</b>	<b>\$ 263,688</b>	<b>\$ 75,721</b>

The accompanying notes are an integral part of these financial statements.

**OPPORTUNITY, INC. OF PALM BEACH COUNTY**  
**(A Not-For-Profit Corporation)**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2016**

	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
<b>INCREASE IN NET ASSETS</b>	\$ 2,156,574
<b>ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Bad debt expense	5,549
Depreciation	58,667
Realized and unrealized loss on investments	(60,917)
<b>(INCREASE) DECREASE IN OPERATING ASSETS</b>	
Grants receivable	409
Tuition receivable, net of allowance for uncollectible accounts	340
Event receivable, net of allowance for uncollectible accounts	4,451
Prepaid insurance	(7,514)
Prepaid expenses	45,142
Escrow deposit - land	50,000
<b>INCREASE (DECREASE) IN OPERATING LIABILITIES</b>	
Accounts payable and accrued expenses	(31,420)
Insurance payable	7,799
Other liabilities	1,783
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,230,863</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of property and equipment	(1,383,176)
Net proceeds from investments	35,946
<b>NET CASH FLOWS USED BY INVESTING ACTIVITIES</b>	<b>(1,347,230)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net payments on line of credit	(560,000)
<b>NET CASH FLOWS USED BY FINANCING ACTIVITIES</b>	<b>(560,000)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>323,633</b>
<b>CASH AND CASH EQUIVALENTS AT JUNE 30, 2015</b>	<b>2,536,385</b>
<b>CASH AND CASH EQUIVALENTS, AT JUNE 30, 2016</b>	<b>\$ 2,860,018</b>

The accompanying notes are an integral part of these financial statements.



**OPPORTUNITY, INC. OF PALM BEACH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES**

This summary of significant accounting policies of Opportunity, Inc. of Palm Beach County (the Organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied to the preparation of the financial statements.

Organization

Opportunity, Inc. of Palm Beach County, a Florida based 501(c)(3) not-for-profit corporation, was incorporated in May 1982, for the purpose of operating as a daycare and educational facility for children between the ages of 6 weeks to 5 years old and also as 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.

Basis of Presentation

The accompanying financial statements include the assets, liabilities, net assets, revenues, and expenses as determined using the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to three classes of net assets. The following is a description of each class:

Unrestricted Net Assets - not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by the actions of the Board of Directors.

Temporarily Restricted Net Assets - subject to donor-imposed stipulations that may be fulfilled by the actions of the Board of Directors or become unrestricted at the date specified by the donor.

Permanently Restricted Net Assets - subject to donor-imposed stipulations that are to be maintained permanently.

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 and support

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, as applicable. Within temporarily restricted net assets, amounts are reclassified to unrestricted net assets when restrictions expire.

Tuition Income

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.

**OPPORTUNITY, INC. OF PALM BEACH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (CONT'D)**

Grant Income

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

Fund-Raising Activities

The Organization's financial statements are presented in accordance with Accounting Standard Codification 958 ("ASC") *Accounting for Costs of Activities of Non-For-Profit Organizations and State and Local Governments Entities that include Fund Raising* (formerly statement of position 98-2), The ASC established criteria for accounting and reporting for any activity that solicits contributions.

Donations

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.

Investments

Investments consist of a managed portfolio of mutual funds and equity securities which are reported at their fair values on the statement of financial position. Investment returns is presented on the statement of activities as investment income, net and includes dividends, interest income, realized and unrealized gains and losses on investments, net of investment fees. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers money market accounts and all highly liquid investments purchased with a maturity of three months or less (if any) to be cash equivalents.

Property and equipment

Property and equipment purchases are recorded at cost. Depreciation is computed using the straight-line method over the following estimated useful lives of the depreciable assets:

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

Allocation of Functional Expenses

The costs of providing program services have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the program services and general and administrative functions based on management's estimate of resources used.

**OPPORTUNITY, INC. OF PALM BEACH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Income taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events

The subsequent events have been evaluated through November 10, 2016, the date the financial statements were available to be issued.

**NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments are measured and disclosed at fair value on a recurring basis by applying ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. To increase consistency and comparability in fair value measurements and related disclosures, ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels, as follows:

Level 1 inputs – These are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement dates, such as stock quotes;

Level 2 inputs – These are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly in active markets, such as yield curves or other market data;

Level 3 inputs – These are unobservable inputs for the asset or liability, such as discounted cash flows.

The level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the measurement in its entirety.

The following is a summary of the fair value classification of investments at, June 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed Income / Low Volatility	\$ 380,321	\$ -	\$ -	\$ 380,321
Equity Securities / High Volatility	1,074,086	-	-	1,074,086
Total Investments at Fair Value	<u>\$1,454,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,454,407</u>

The following is a summary of investment returns which is presented as Investment income, net on the Statement of activities for the year ended June 30, 2016:

	<u>2016</u>
Dividends and Interest	\$ 29,903
Realized Gain / (Loss)	131,330
Unrealized Gain / (Loss)	(192,247)
Less: Investment Fees	<u>(13,665)</u>
Total Investment Income (Loss), Net	<u>\$ (44,679)</u>

Interest on Cash and Cash Equivalents

For the year ended June 30, 2016, interest on cash and equivalents in the amount of \$2,034 is included in dividends and interest.

**OPPORTUNITY, INC. OF PALM BEACH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 – CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash in bank at various high quality financial institutions, whereby interest and non-interest bearing deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (“FDIC”). As of June 30, 2016, the Organization had approximately \$2,073,039 in excess of the insured limit. The Organization has not experienced any losses related to these uninsured balances and believes it is not exposed to any significant risk.

**NOTE 4 – PROPERTY AND EQUIPMENT**

The Major classifications of property and equipment at June 30, 2016, are as follows:

	2016
Building and improvements	\$ 946,591
Land and improvements	1,965,887
Furniture, fixture and equipment	304,283
Vehicles	42,986
Construction in progress	348,426
Property and Equipment Total	3,608,173
<i>Less: accumulated depreciation</i>	680,945
Property and equipment, less accumulated depreciation	\$ 2,927,228

Land and improvements - expansion project

Land and improvements includes the cost of three properties on Donnelle Road and two properties on Westgate Road acquired by the Organization in June 2014 and in May 2016 for the purpose of expanding its early childhood learning services. The cost of such acquisitions aggregated \$1,410,000 and was financed initially by line of credit advances and subsequent capital campaign contributions (See Note 9). Additionally, the Organization has incurred costs for professional fees such as feasibility studies, surveys and architectural design fees which have been capitalized to Land and Improvements.

Construction in progress

As of June 30, 2016, the Organization has accumulated \$348,426 of expenditures directly related to the expansion project.

**NOTE 5 – LINE OF CREDIT**

The Organization has a line of credit with a bank providing for maximum borrowing in the amount of \$600,000 which matures on January 15, 2017. Advances from the line of credit were initially used to purchase the Donnelley Road properties. The rate of interest is at prime as stated by the bank, which was 3.25%. The collateral for the line of credit 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.

As of June 30, 2016, the remaining principal payments through the maturity date are \$29,425. During the year ended June 30, 2016, the Organization made no cash draws and made principal payments of \$560,000.

**OPPORTUNITY, INC. OF PALM BEACH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

NOTE 6 – LEASES

Copier Equipment

In November 2014, the Organization entered into a non-cancellable lease agreement for copier equipment. The lease agreement provides for sixty (60) monthly payments of \$699. Future minimum lease payments under the operating lease as of June 30, 2016, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2017	\$ 8,388
2018	8,388
2019	<u>2,796</u>
Total	<u>\$ 19,572</u>

Security Equipment

In July 2013, the Organization entered into a non-cancelable lease agreement for security equipment. The lease agreement provides for sixty (60) monthly payments of \$155. Future minimum lease payments under the operating lease as of June 30, 2016, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2017	\$ 1,855
2018	<u>1,855</u>
Total	<u>\$ 3,710</u>

NOTE 7 – CONTINGENCIES

Grants from government agencies and foundations require the fulfillment of certain conditions set forth in the grant instrument. The Organization also receives significant funding from government tuition programs, pursuant to Provider Agreement Contracts, which support the operations of the Organization. These grants and tuition programs 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 8 – 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 2016, the Organization made matching contributions of 100% of the employee's contribution up to a limit of 2% of each eligible employee's gross salary.

**OPPORTUNITY, INC. OF PALM BEACH COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 9 – EXPANSION PROJECT**

During the year ended June 30, 2016, a contribution of \$1,410,000 was received for the purchase of land on which the Early Childhood Learning Center is planned to be constructed. \$510,000 was used to pay down the line of credit which initially funded and purchase of the Donnelle properties and \$900,000 was used to fund the purchase of the Westgate properties. An additional \$1,029,222 in campaign contributions was received in fiscal year ended June 30, 2016, to be used in the construction of the new facility. During the year ended June 30, 2016, \$1,809,783 was utilized for the expansion project.

**NOTE 10 – ENDOWMENT FUND**

Permanently restricted net assets are required by donor stipulations to be maintained indefinitely by the Organization. The Organization's permanently restricted net assets consist of contributions to establish an endowment fund, the income from which will be used in the Organization's unrestricted operations as directed by the Donor.

During the year ended June 30, 2015, a scholarship fund was established to fund the cost of tuition for five (5) children within the student body each year. This gift consists of an original contribution of a \$500,000 which is to be held indefinitely. The income earned on endowment fund investments will be used to fund program costs as directed by the Donor.

Changes in the endowment fund as of June 30, 2016, consist of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment fund, July 1, 2015	\$ -	\$ -	\$ 500,000	\$ 500,000
Contributions	-	-	-	-
Investment income, net	-	4,052	-	4,052
Donor-approved release from restrictions	-	-	-	-
Endowment fund, June 30, 2016	<u>\$ -</u>	<u>\$ 4,052</u>	<u>\$ 500,000</u>	<u>\$ 504,052</u>

**NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS**

For the year ended June 30, 2016, temporarily restricted net assets have been restricted by donors for the following purposes:

Expansion project	\$ 2,463,948
Program costs	<u>4,052</u>
Temporarily restricted net assets	<u>\$ 2,468,000</u>

**NOTE 12 – NET ASSETS RELEASED FROM RESTRICTIONS**

For the year ended June 30, 2016, temporarily restricted net assets were released from restrictions for the following purposes:

	<u>2016</u>
Expansion project	<u>\$ 1,809,783</u>
Net assets released from restrictions	<u>\$ 1,809,783</u>



# FRIEDMAN, FELDMESSER & KARPELES, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Kenneth R. Friedman, CPA

Mark S. Feldmesser, CPA

Richard L. Karpeles, CPA

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  
Opportunity, Inc. of Palm Beach County  
West Palm Beach, Florida

We have audited, in accordance with the 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, the financial statements of Opportunity, Inc. of Palm Beach County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and change in net assets, 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 November 10, 2016.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Opportunity, Inc. of Palm Beach County'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 Opportunity, Inc. of Palm Beach County's internal control. Accordingly, we do not express an opinion on the effectiveness of Opportunity, Inc. of Palm Beach County'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.

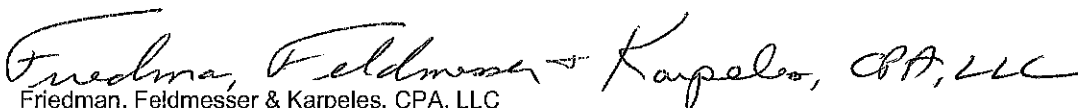
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Opportunity, Inc. of Palm Beach County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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 the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Friedman, Feldmesser & Karpeles, CPA, LLC

Jupiter, Florida  
November 10, 2016