

OPPORTUNITY, INC. OF PALM BEACH COUNTY

(A Not-for-profit Corporation)

FINANCIAL STATEMENTS

JUNE 30, 2015

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



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CERTIFIED PUBLIC ACCOUNTANTS

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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, 2015, 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.

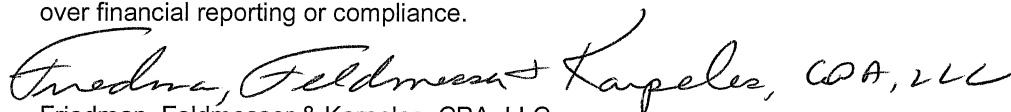
INDEPENDENT AUDITORS' REPORT (CONT'D)

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, 2015, 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, 2015, 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 19, 2015

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OPPORTUNITY, INC. OF PALM BEACH COUNTY
(A Not-for-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS	<u>2015</u>
Cash and cash equivalents	\$ 2,536,385
Investments, at market	1,429,436
Grants receivable	42,674
Tuition receivable, net of allowance for uncollectible accounts of \$204	340
Special events receivable, net of allowance for uncollectible accounts of \$16,541	15,000
Prepaid insurance	18,341
Prepaid expenses	45,142
Escrow deposit - land	50,000
Other assets	300
 Property and equipment, net of accumulated depreciation	 <u>1,602,719</u>
TOTAL ASSETS	 <u><u>\$ 5,740,337</u></u>
 LIABILITIES AND NET ASSET	
 LIABILITIES	
Accounts payable and accrued expenses	\$ 102,209
Insurance payable	12,950
Line of credit - Harris bank	<u>589,425</u>
TOTAL LIABILITIES	 <u>704,584</u>
 NET ASSETS	
Unrestricted	2,701,244
Temporarily Restricted	1,834,509
Permanently Restricted	<u>500,000</u>
TOTAL NET ASSETS	 <u>5,035,753</u>
TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 5,740,337</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, 2015

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
REVENUES AND OTHER SUPPORT				
Tuition income	\$ 610,221	\$ -	\$ -	\$ 610,221
Grant income	479,156	-	-	479,156
Special events revenue, net of expenses of \$203,754	291,627	-	-	291,627
Expansion project	-	2,000,000	-	2,000,000
Endowment	-	-	500,000	500,000
Investment income, net	31,741	-	-	31,741
Donations and other income	56,177	-	-	56,177
Net assets released from restrictions	165,491	(165,491)	-	-
TOTAL REVENUES AND OTHER SUPPORT	<u>1,634,413</u>	<u>1,834,509</u>	<u>500,000</u>	<u>3,968,922</u>
EXPENSES				
Program services				
Daycare and education	1,269,215	-	-	1,269,215
Supporting services				
General and administrative	295,891	-	-	295,891
Fund-raising	47,207	-	-	47,207
TOTAL EXPENSES	<u>1,612,313</u>	<u>-</u>	<u>-</u>	<u>1,612,313</u>
CHANGE IN NET ASSETS	22,100	1,834,509	500,000	2,356,609
NET ASSETS, BEGINNING	2,666,616	-	-	2,666,616
PRIOR PERIOD ADJUSTMENTS	12,528	-	-	12,528
NET ASSETS, ENDING	<u>\$ 2,701,244</u>	<u>\$ 1,834,509</u>	<u>\$ 500,000</u>	<u>\$ 5,035,753</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>
Allocation of Functional Expenses:				
Salaries, benefits and payroll taxes	\$ 1,180,183	\$ 932,345	\$ 200,631	\$ 47,207
Insurance	32,931	26,345	6,586	-
Food	72,954	72,954	-	-
Teaching supplies	30,385	30,385	-	-
Repairs and maintenance	54,075	43,260	10,815	-
Utilities	27,372	21,898	5,474	-
Office expense	10,337	8,270	2,067	-
Depreciation	34,468	27,574	6,894	-
Credit card discount fee	6,627	6,627	-	-
Professional fees	32,832	-	32,832	-
Interest	18,181	-	18,181	-
Janitorial supplies	12,356	9,885	2,471	-
Field trips	8,810	8,810	-	-
Equipment rental	14,380	11,504	2,876	-
Advertising and marketing	23,624	23,624	-	-
Security	4,537	3,630	907	-
Bad debt expense	17,478	17,478	-	-
Other	30,783	24,626	6,157	-
TOTAL EXPENSES	\$ 1,612,313	\$ 1,269,215	\$ 295,891	\$ 47,207

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, 2015

	2015
CASH FLOWS FROM OPERATING ACTIVITIES	
INCREASE IN NET ASSETS	\$ 2,356,609
ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES	
Prior period adjustments	12,528
Bad debt expense	17,478
Depreciation	34,468
Realized and unrealized gain on investments	(14,189)
(INCREASE) DECREASE IN OPERATING ASSETS	
Grants receivable	(7,490)
Tuition receivable, net of allowance for uncollectible accounts	439
Event receivable, net of allowance for uncollectible accounts	(31,541)
Prepaid insurance	(18,341)
Prepaid expenses	29,827
Escrow deposit - land	(50,000)
Other assets	-
INCREASE (DECREASE) IN OPERATING LIABILITIES	
Accounts payable and accrued expenses	4,623
Insurance payable	(239)
Deferred revenue	(15,938)
NET CASH PROVIDED IN OPERATING ACTIVITIES	2,318,234
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(165,491)
Investment income, net	26,306
NET CASH USED IN INVESTING ACTIVITIES	(139,185)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net proceeds from borrowing on line of credit	67,934
NET CASH FLOWS PROVIDED IN FINANCING ACTIVITIES	67,934
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,246,983
CASH AND CASH EQUIVALENTS AT JUNE 30, 2014	289,402
CASH AND CASH EQUIVALENTS, AT JUNE 30, 2015	\$ 2,536,385

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

OPPORTUNITY, INC. OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

**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, 2015

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 19, 2015, 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, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed Income / Low Volatility	\$ 324,079	\$ -	\$ -	\$ 324,079
Equity Securities / High Volatility	1,105,357	-	-	1,105,357
Total Investment Income, Net	<u>\$1,429,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,429,436</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, 2015:

	<u>2015</u>
Dividends and Interest	\$ 34,183
Realized Gain / (Loss)	133,544
Unrealized Gain / (Loss)	(119,355)
Less: Investment Fees	<u>(16,631)</u>
Total Investment Income, Net	<u>\$ 31,741</u>

Interest on Cash and Cash Equivalents

For the year ended June 30, 2015, interest on cash and equivalents in the amount of \$980 is included in dividends and interest.

OPPORTUNITY, INC. OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, the Organization had approximately \$1,954,873 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 – ESCROW DEPOSIT – LAND

In May 2015, the Organization entered into a commercial contract with a seller to purchase land (Westgate Avenue) in the amount of \$900,000. The land is intended to be developed and improved into a new primary location for program and support services. The terms of the contract required the Organization to make a \$50,000 escrow deposit that will be credited to the purchase price at closing. The closing of this transaction is to take place (30) days after site plan approval. Closing will occur no later than July 31, 2016. As of June 30, 2015, this transaction has not closed and the amount of the \$50,000 deposit is presented as Escrow Deposit – Land on the statement of financial position.

NOTE 5 – PROPERTY AND EQUIPMENT

The Major classifications of property and equipment at June 30, 2015, are as follows:

	2015
Building and improvements	\$ 946,591
Land and improvements	855,070
Furniture, fixture and equipment	214,860
Vehicles	42,986
Construction in progress	165,491
Property and Equipment Total	2,224,998
Less: accumulated depreciation	622,279
Property and equipment, less accumulated depreciation	\$ 1,602,719

Land and improvements - expansion project

Land and improvements include the cost of three properties (Donnell Road) acquired by the Organization in June 2014 for the purpose of expanding its early childhood learning services. The cost of such acquisitions aggregated \$510,000 and was substantially financed by the line of credit.

Construction in progress

As of June 30, 2015, the Organization has accumulated \$165,491 of expenditures directly related to the expansion project.

NOTE 6 – 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, 2016. 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, 2015, the remaining principal payments through the maturity date are \$589,425. During the year ended June 30, 2015, the Organization made cash draws of \$75,000 and principal payments of \$7,066 resulting in net proceeds of \$67,934.

OPPORTUNITY, INC. OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 – 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, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 8,388
2017	8,388
2018	8,388
2019	<u>2,796</u>
Total	<u>\$ 27,960</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, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 1,855
2017	1,855
2018	<u>1,855</u>
Total	<u>\$ 5,565</u>

NOTE 8 – CONTINGENCIES

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 9 – 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. Over the last four years, the Board decided not to match contributions due to needed budget cuts.

OPPORTUNITY, INC. OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 – EXPANSION PROJECT

During the year ended June 30, 2015, a contribution was received for the construction of a new building. The expansion plan is to move the existing students into the new building and to add additional students to the enrollment. This gift consists of an original contribution of \$2,000,000 which is to be held as temporarily restricted funds and released from restrictions to fund expansion costs as directed by the Donor.

Conditional Promise to Give

Conditional promises to give are Donor promises to contribute assets to an organization, assuming a specified future or uncertain event occurs. Since the donor is not bound by the promise until the future events occur, no amount has been recorded or recognized in these financial statements.

During the year ended June 30, 2015, a Donor promised to give \$1,600,000 to the Organization, assuming the Organization obtains approximately \$2,500,000 of funds designated for constructing the new building in the expansion by November 30, 2015.

NOTE 11 – 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, 2015, consist of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment fund, July 1, 2014	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	500,000	500,000
Interest income	-	-	-	-
Donor-approved release from restrictions	-	-	-	-
Endowment fund, June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

For the year ended June 30, 2015, temporarily restricted net assets have been restricted by donors for the following purposes:

	<u>2015</u>
Expansion project	<u>\$ 1,834,509</u>
Temporarily restricted net assets	<u>\$ 1,834,509</u>

OPPORTUNITY, INC. OF PALM BEACH COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 13 – NET ASSETS RELEASED FROM RESTRICTIONS

For the year ended June 30, 2015, temporarily restricted net assets were released from restrictions for the following purposes:

	<u>2015</u>
Expansion project	<u>\$ 165,491</u>
Net assets released from restrictions	<u><u>\$ 165,491</u></u>

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments are transaction and corrections relating to prior periods, and are made in order to reflect the current year without distortion. This prior period adjustment is to capitalize \$12,528 of prior year expenditures which relate directly to the capital campaign expansion project.



FRIEDMAN, FELDMESSER & KARPELES, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2015, 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 19, 2015.

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 19, 2015