

OPPORTUNITY SCHOLARSHIP FUND, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2016

OPPORTUNITY SCHOLARSHIP FUND, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Opportunity Scholarship Fund, Inc.
Oklahoma City, Oklahoma

We have audited the accompanying financial statements of Opportunity Scholarship Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets 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.

Auditors' 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Opportunity Scholarship Fund, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CCK Strategies, PLLC

Tulsa, Oklahoma

August 11, 2017

OPPORTUNITY SCHOLARSHIP FUND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS

Cash	\$ 3,375,119
Promises to give, net	<u>3,148,011</u>

Total current assets	<u>6,523,130</u>
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Total assets	<u><u>\$ 6,523,130</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Held on behalf of others	<u>\$ 6,044,358</u>
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Total current liabilities	<u>6,044,358</u>
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NET ASSETS

Unrestricted	338,809
Temporarily restricted	<u>139,963</u>

Total net assets	<u>478,772</u>
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Total liabilities and net assets	<u><u>\$ 6,523,130</u></u>
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OPPORTUNITY SCHOLARSHIP FUND, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

CHANGES IN UNRESTRICTED NET ASSETS

Revenue and other support:	
Administrative fee revenue	\$ 338,426
Interest income	890
Realized loss from sale of donated investments	<u>(1,265)</u>
Total unrestricted support	<u>338,051</u>

General and Administrative Expenses:

Contract Labor	17,500
Accounting fees	4,330
Advertising	24,292
Bank charges	140
Dues and subscriptions	240
Information technology	250
Travel	2,159
Insurance	2,604
Other	<u>65</u>

 Total general and administrative expenses 51,580

 Increase in unrestricted net assets 286,471

CHANGES IN TEMPORARILY RESTRICTED NET ASSETS

 Contributions 130,045

 Increase in temporarily restricted net assets 130,045

CHANGE IN NET ASSETS 416,516

NET ASSETS - beginning of year 62,256

NET ASSETS - end of year \$ 478,772

OPPORTUNITY SCHOLARSHIP FUND, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ASSETS	
Change in net assets	\$ 416,516
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities	
Promises to give	(68,184)
Funds held on behalf of others - cash received	2,983,976
Funds held on behalf of others - cash disbursed	<u>(1,063,094)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,269,214</u>
NET INCREASE IN CASH	2,269,214
CASH, beginning of year	<u>1,105,905</u>
CASH, end of year	<u><u>\$ 3,375,119</u></u>

OPPORTUNITY SCHOLARSHIP FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Opportunity Scholarship Fund, Inc. (OSF) is a scholarship-granting organization as defined under the Oklahoma Equal Opportunity Education Scholarship Act (the Act). As a scholarship-granting organization, OSF awards educational scholarships to eligible students attending qualified schools as defined in the Act. Oklahoma taxpayers receive a tax credit, as defined in the Act, for their charitable contributions to OSF.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Net assets, revenue and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets of OSF and changes therein are classified into the following three categories:

These classifications are defined as follows:

- Unrestricted net assets are free of donor-imposed restrictions; all revenues and expenses that are not changes in permanently or temporarily restricted net assets are unrestricted net assets.
- Temporarily restricted net assets are limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or removed by actions of OSF pursuant to those stipulations. Temporarily restricted net assets consists of donor-imposed funds designated for educational scholarships for which the donor has not specified the intended beneficiary.
- Permanently restricted net assets are limited by the donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of OSF. OSF has no permanently restricted net assets as of December 31, 2016.

Funds Held on Behalf of Others

Educational scholarships where the beneficiary has been specified by the donor are treated as agency transactions and are not reported as revenues or expenses in the statement of activities unless OSF has variance power with respect to the determination of the beneficiary. Variance power is the unilateral ability to redirect the use of the transferred assets to another beneficiary. A liability has been established for amounts in which the donor has specified the intended beneficiary and for which OSF does not maintain variance power.

OPPORTUNITY SCHOLARSHIP FUND, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Recognition of Revenues

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of donor restrictions on the use of contributions to provide scholarships at the organization's discretion of participating eligible schools. OSF reports contributions of cash as temporarily restricted support to the extent that the donor obligates such contributions for the provision of scholarships but does not specify the intended beneficiary. When a scholarship is paid, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Under the Act, OSF is allowed an administrative fee on all current year contributions and cash received for funds held on behalf of others. OSF assessed an administrative fee of 10% of the funds collected from inception to December 31, 2016. Subsequent to year-end, the Board of Directors approved a reduction in the administrative fee to 7.5% of funds collected.

Promises to Give

Under the Act, any taxpayer who makes a contribution to an eligible scholarship-granting organization and makes a written commitment to contribute the same amount for an additional year receives an additional credit in the taxable year that the commitment is made. The commitments qualify as unconditional promises to give and are recorded when the promises are received. OSF uses the allowance method to determine uncollectible promises to give. The allowance is based on current economic conditions, historical collection rates, and specific identification of uncollectible accounts. As of December 31, 2016, OSF provided an allowance for uncollectible promises to give of \$64,245.

Income Taxes

OSF is exempt for federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements. OSF is required to file annual information tax returns.

OSF evaluates its uncertain tax positions, if any, on a continual basis through review of their policies and procedures, review of their regular tax filings and discussions with outside experts. Management has determined that OSF had no uncertain tax positions that require adjustment to the financial statements.

OPPORTUNITY SCHOLARSHIP FUND
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A- ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

The Federal Deposit Insurance Corporation (FDIC) currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. At December 31, 2016, OSF's cash deposits exceeded the federally insured limits. OSF has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

NOTE B - SUBSEQUENT EVENTS

OSF has evaluated subsequent events and their related disclosure through the audit report date which coincides with the financial statement issuance date and identified no such events.