

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.**

FORT WALTON BEACH, FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2010

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
FORT WALTON BEACH, FLORIDA
FINANCIAL STATEMENTS**

JUNE 30, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc.
Fort Walton Beach, Florida

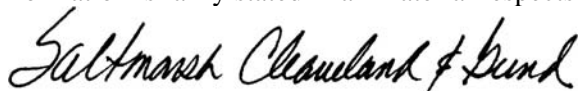
We have audited the accompanying statement of financial position of Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc., (the Organization) as of June 30, 2010, and the related statements of activities and cash flows for the twelve month period then ended. These financial statements are the responsibility of the Organization's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc. as of June 30, 2010, and the changes in its net assets and its cash flows for the twelve month period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2011, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Auditor General of the State of Florida*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Fort Walton Beach, Florida
January 27, 2011

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**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 320,412
Prepaid expenses	13,959
Total current assets	334,371

Property and Equipment:

Leasehold improvements	10,600
Furniture, fixtures and equipment	13,801
	24,401
Less accumulated depreciation	(4,349)
Net property and equipment	20,052

Total Assets	\$ 354,423
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 7,132
Refundable advance	284,623
Accrued salaries and related expenses	13,536
	305,291

Unrestricted Net Assets	49,132
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Total Liabilities and Net Assets	\$ 354,423
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The accompanying notes are an integral
part of these financial statements.

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
STATEMENT OF ACTIVITIES
TWELVE MONTH PERIOD ENDED JUNE 30, 2010**

Public Support and Revenue:

Public Support -	
Fees and grants - federal agencies	\$ 422,916
Fees and grants - state agencies	666,062
Fees and grants - other	19,830
Contributions	72,457
In-kind contributions	103,201
Total public support	<u>1,284,466</u>
Revenue -	
Membership dues	1,550
Interest income	226
Miscellaneous income	50
Total revenue	<u>1,826</u>
Total public support and revenue	<u>1,286,292</u>

Expenses:

Program services -	
Homeless housing assistance	559,200
Homeless prevention	359,394
Challenge grant program	96,000
Emergency shelter program	53,157
Opportunity Place shelter	50,850
Other programs	52,512
Total program services	<u>1,171,113</u>
Supporting services -	
Management and general	87,697
Total expenses	<u>1,258,810</u>

Change in Net Assets	27,482
Net Assets, Beginning of Period	<u>21,650</u>
Net Assets, End of Period	<u><u>\$ 49,132</u></u>

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

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
STATEMENT OF CASH FLOWS
TWELVE MONTH PERIOD ENDED JUNE 30, 2010**

Cash Flows From Operating Activities:	
Change in net assets	\$ 27,482
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	3,042
In-kind contribution of fixed assets	(13,501)
Changes in operating assets and liabilities -	
Prepaid expenses	(10,230)
Accounts payable	7,132
Refundable advance	284,623
Accrued salaries and related expenses	13,536
Net cash provided by operating activities	<u>312,084</u>
Cash Flows From Investing Activities:	
Purchase of property and equipment	<u>(4,602)</u>
Net Increase in Cash	307,482
Cash and Cash Equivalents at Beginning of Period	<u>12,930</u>
Cash and Cash Equivalents at End of Period	<u><u>\$ 320,412</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose:

Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc. (the Organization), a nonprofit corporation, was incorporated in the State of Florida on April 22, 2005, for the purpose serving as a community partnership dedicated to the alleviation of homelessness through prevention, assistance toward self-sufficiency, the provision of housing options, and advocacy.

The Organization is primarily funded through private donations, fees and grants from various federal and state agencies; with the largest portion of funding awarded by or passed through the Florida Department of Children and Families.

In the counties of Okaloosa and Walton, the Organization strives to expand supportive services to the homeless including food, clothing, showers, storage, work readiness, case management, transportation, personal hygiene, severe weather shelter, education and vocational training. In July 2009, Opportunity Place was opened. This facility serves single women and families with children who are in need of emergency shelter.

Basis of Accounting:

The Organization follows standards of accounting and financial reporting prescribed for not-for-profit agencies, and uses the accrual basis of accounting, which recognizes revenue when earned and expenses as incurred. Federal, State and local government grants are recorded as support and revenue when performance occurs under the terms of the corresponding grant agreement.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

Cash and cash equivalents are defined as highly liquid investments with original maturities of three months or less which have virtually no risk of loss of value of the principal amount of the investments.

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation:

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Permanently restricted net assets* are subject to donor-imposed stipulations that the assets be maintained permanently by the Organization.
- *Temporarily restricted net assets* are subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.
- *Unrestricted net assets* are not subject to donor-imposed stipulations, or the donor-imposed restrictions have expired. Unrestricted net assets may be designated for specific purposes by the action of the Board of Directors, or may otherwise be limited by contractual agreements with outside parties.

At June 30, 2010, all net assets of the Organization were unrestricted.

Contributions:

The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When the restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as *net assets released from restriction*. Non-cash contributions are recorded at fair market value at the time of donation.

In-Kind Contributions:

Donated space and materials have been treated as contributions in-kind for purposes of these financial statements. All in-kind donations are reflected in the accompanying statements at their estimated fair values on the date of the donations. Contributions of tangible assets are recognized at fair market value when received.

Contributed services are recognized only for specialized services donated by individuals that would otherwise have to be purchased. A substantial number of volunteers have donated significant amounts of their time to the Organization; however, none meet the criteria for specialized services. Therefore, no amounts have been recorded for these services.

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions (Continued):

All contributions are considered to be available for unrestricted use, unless specifically restricted by donors, and are treated as in-kind support for purposes of meeting grantor matching requirements. The amounts reflected in the accompanying financial statements as in-kind support are offset by amounts included in expenses, unless the nature of the asset requires capitalization in the property and equipment accounts.

Property and Equipment:

Property and equipment are carried at cost, or, if donated, at the approximate fair value at the date of donation. All acquisitions of property and equipment in excess of \$1,000 are capitalized. Disbursements for repairs and maintenance are charged to expense. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	10 years
Furniture, fixtures and equipment	3-5 years

Depreciation expense was \$3,042 for the twelve month period ended June 30, 2010.

Compensated Absences:

The Organization employees accrue vacation at a rate of 14 days per year for the first three years of full-time employment, and 17 days per year after the third year. Part-time personnel shall accrue paid time off at a pro-rated rate based on number of hours worked. Paid time off will be accrued beginning with the first day of employment, but may not be taken until the end of the first three months. Policy allows employees to accumulate and carry over up to 40 hours of unused leave annually. Upon termination of employment, the Organization is not obligated to pay employees for accumulated annual leave therefore no liability for compensated absences has been recorded as of June 30, 2010.

Refundable Advance:

Refundable advance consists of a cash advance of grant funding designated for the period after June 30, 2010.

Income Taxes:

The Organization was organized as a not-for-profit organization described under Section 501(c)(3) and (4) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events:

Management has evaluated subsequent events through January 27, 2011 the date which the financial statements were available for issue.

NOTE 2 - IN-KIND CONTRIBUTIONS

Rent:

The Organization leases facilities to provide services to clients. The administrative office entered a verbal lease agreement in December 2009 for free use of the location on Cloverdale Boulevard. The fair market rent for the property is estimated at \$17,500 for the time period from December 2009 to June 2010. The Opportunity Place shelter location entered into a verbal lease agreement in July 2009 for free use of the location on Lovejoy Road. The fair market rent for the property is estimated at \$37,000 for the time period from July 2009 to June 2010. There are also two small branch locations in Crestview and in Walton County that are offered free of charge by other non-profit associations without formal lease terms. The fair market rent for the two locations are estimated at \$3,000 and \$1,000 for Crestview and Walton County, respectively, for the twelve month period. Total contributed rent to the Organization for the twelve month period ended June 30, 2010 is estimated at \$58,500.

Food:

Management values food contributions at actual cost, if available, or at an estimate based on the type of item donated. During the twelve month period ended June 30, 2010, an estimated \$31,200 in food contributions were received.

NOTE 3 - RELATED PARTY TRANSACTIONS

The administrative office occupied by the Organization is owned by the Executive Director's husband who leases the space at no cost to the organization. The estimated fair market value of the space provided was \$17,500, for the twelve month period ended June 30, 2010. This amount has been recorded as in-kind revenue and as rent expense.

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Concentration of Revenue Sources:

The Organization receives substantially all of its support from federal and state government agencies. A reduction in the level of future governmental support could have a substantial effect on the Organization's programs and activities. As of June 30, 2010, management is unaware of any significant reductions.

Grant and Contract Contingency:

Substantially all funds received by the Organization are federal or state funds. Expenditures of these funds are subject to audit by the funding agencies and, if found to be unallowable, could become liabilities of the Organization.

Uninsured Cash Balances:

The Organization's cash balances held at financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to certain limits. In October 2008, FDIC coverage was temporarily increased to \$250,000 at each financial institution. At June 30, 2010, the Organization had cash balances of \$228,260 held by financial institutions in excess of insured limits.

On January 1, 2014, FDIC coverage is scheduled to return to \$100,000 per institution for most other cash balances.

SUPPLEMENTARY INFORMATION

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
TWELVE MONTH PERIOD ENDED JUNE 30, 2010**

<u>Federal/State Agency, Pass-through entity, Federal Program/State Project</u>	<u>Federal CFDA/ State CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>
Federal Awards:			
Department of Labor Homeless Veterans Stand Down	17.805	HV-20716-10-60-5-12	\$ 6,592
Department of Housing and Urban Development Homeless Management Information Systems (HMIS)	N/A	FL0074B4H050801	13,090
Passed through Florida Department of Children and Families:			
Department of Housing and Urban Development Homeless Prevention/Rapid Rehousing Program (HPRP)	14.257	AFZ37	372,123
Emergency Shelter Grant	14.231	AF136	<u>31,111</u>
Total Federal			<u>\$ 422,916</u>
State of Florida:			
Department of Children and Families Homeless Housing Assistance Grant	60.015	AFZ40	\$ 559,200
Homeless Assistance Challenge Grant	60.014	AFZ38	96,000
Staffing Grant	N/A	AF133	<u>10,862</u>
Total State of Florida			<u>\$ 666,062</u>

Note: The above schedule is prepared on the accrual basis of accounting.

OTHER REPORTS AND SCHEDULES

**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
Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc.
Fort Walton Beach, Florida

We have audited the financial statements of Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc. (the Organization) as of and for the twelve month period ended June 30, 2010, and have issued our report thereon dated January 27, 2011. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

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 misstatements on a timely basis. A material weakness is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2 to be material weaknesses.

Board of Directors
Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc.

A significant deficiency is a deficiency, or 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. We consider the deficiency described in the accompanying schedule of findings as questioned costs as item 2010-3 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2010-4.

We noted certain other matters that we reported to management of the Organization in a separate letter dated January 27, 2011.

The Organization's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of the Board of Directors and management of Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc., and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Fort Walton Beach, Florida
January 27, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR STATE PROJECT AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

To the Board of Directors
Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc.
Fort Walton Beach, Florida

Compliance

We have audited the compliance of Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc. (the Organization), with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major State projects for the twelve month period ended June 30, 2010. The Organization's major State projects are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State projects is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Chapter 10.650, *Rules of the Auditor General*. Those standards and Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State projects occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major State projects for the twelve months ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General*, and which are described in the accompanying schedule of findings and questioned costs as items 2010-5 through 2010-7.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State projects. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major State project to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a State project on timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-5 through 2010-7. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Organization's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Directors and management of Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc., federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Fort Walton Beach, Florida
January 27, 2011

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
STATE PROJECTS
TWELVE MONTH PERIOD ENDED JUNE 30, 2010**

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unqualified opinion on the financial statements of Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc.
2. Two material weaknesses, listed as items 2010-1 and 2010-2, and one significant deficiency, listed as 2010-3, disclosed during the audit of the financial statements are reported in the *Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards*.
3. One instance of noncompliance material to the financial statements of Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc., which would be required to be reported in accordance with *Governmental Auditing Standards*, was disclosed during the audit as item 2010-4.
4. Three significant deficiencies in internal control over a major State project are reported in the *Independent Auditor’s Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major State Project and Internal Control over Compliance in Accordance with Chapter 10.650, Rules of the Auditor General* as items 2010-5 to 2010-7. None of these significant deficiencies are considered material weaknesses.
5. The auditor’s report on compliance with requirements applicable to the state projects for Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc. expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General* relative to the major state projects for Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc. are reported in this schedule.
7. The State projects tested as major projects were the following:

State Project	CSFA No.
Homeless Housing Assistance Grant	60.015
Homeless Assistance Challenge Grant	60.014

8. The threshold for distinguishing Type A and B projects was \$199,819.

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
STATE PROJECTS
TWELVE MONTH PERIOD ENDED JUNE 30, 2010**

B. FINDINGS - FINANCIAL STATEMENT AUDIT

2010-1 Internal Controls Over Financial Reporting

Condition:

During the audit, significant misstatements in the financial statements were noted. These misstatements were not initially identified by the Organization's internal controls, and audit adjustments were required in order to bring the client's financial statements into conformity with generally accepted accounting principles. Examples of these misstatements are:

- Bank reconciliations were not prepared timely or subject to any formal review process. In addition, transfers between bank accounts were not posted correctly in the accounting software.
- Purchases of fixed assets were not reclassified from expense accounts and appropriately capitalized. Fixed asset balances and related depreciation expense were not recorded in the general ledger.
- Donated fixed assets, space and supplies were not recorded in the general ledger.
- Certain vendor expenses paid in advance were not recorded as prepaid expenses in the current period.
- Certain vendor and payroll expenses incurred during the fiscal period but paid after the period end were not accrued.
- Certain unearned revenues were not classified as deferred revenue.
- Manual records of grant revenues and expenditures were not reconciled with the classifications in the accounting software.
- Six expense accounts were setup in the accounting software incorrectly and, therefore, these accounts did not close to net assets within the software when the period-end close-out was performed.

Criteria:

Financial reporting is the responsibility of the Organization. Controls should exist to ensure management has the ability to properly record and present transactions in conformity with accounting principles generally accepted in the United States of America. External auditors cannot be part of an entity's internal control.

Cause:

Agency personnel have maintained the records on a cash basis.

Effect:

Significant audit adjustments were required before the financial statements could be prepared in accordance with generally accepted accounting principles.

Recommendation:

We recommend the Organization develop procedures to adjust the internal financial statements to an accrual basis of accounting as part of the year-end closing process.

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
STATE PROJECTS
TWELVE MONTH PERIOD ENDED JUNE 30, 2010**

B. FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

2010-1 Internal Controls Over Financial Reporting (Continued)

Management's response:

The cause of the close out error in the accounting software has not been able to be identified, as there don't appear to have been any error as to how these accounts were coded. The assumption has been that there is a glitch in the software program. After the audit report is issued, we will either upgrade or purchase new software, whichever will give us the most accurate results, and record ensuing years on clean software.

Opportunity, Inc. has reconciled it's bank accounts manually due to staff inexperience with linking the accounting software with the on-line bank accounts, a process that has been painful and inaccurate. Staff inexperience is also the cause of the errors in recording bank transfers in the software. Both the bookkeeper and Executive Director review the accounts at least weekly to determine the accuracy of the software program as compared to the bank balances. However, after consultation with the auditing agency, Opportunity, Inc. has initiated a formal reconciliation process to the general ledger and errors in recording have been corrected.

Ensuring accurate account reports from grant and accounting programs has been a constant goal, one which has required literally hundreds of staff hours and has not yet been fully realized. Thus the agency has utilized manual tracking systems, which have been tested and demonstrated to be the most accurate method of grant reporting available at this time. The agency realizes that software tracking is the standard held by most funding agencies, so work continues in order to generate exact representations of expenditures by category and program. It is the intent of the agency to purchase a new accounting system to eliminate coding issues inherent in the present software.

Non-profits do not lend themselves as readily to accrual-based accounting as do profit organizations, but we are transitioning our accounting system to an accrual basis in accordance with GAAP. Opportunity, Inc. employed a bookkeeper in May 2010, who will continue to work with our auditors and external accountants to ensure this transition is made smoothly and accurately. This is expected to be completed within a month of the audit report date.

2010-2 Indirect Cost Allocation

Condition:

The Organization allocates indirect costs to its programs based on the budgeted reimbursement amount from individual grant agreements. The Organization does not have an approved indirect cost allocation plan (ICAP) as an ICAP has not been requested by the grantor agencies.

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
OPPORTUNITY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
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B. FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

2010-2 Indirect Cost Allocation (Continued)

Criteria:

Per OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, to be allowable under a federal award, costs must be given consistent treatment to all activities of the organization. The allocation of costs should be fair and equitable across all programs.

Cause:

The Organization does not allocate indirect costs in a consistent and equitable manner to all activities of the organization.

Effect:

Allocating costs on the basis of which grantor agencies will pay the benefit is improper and could result in questioned costs in the case of grant programs.

Recommendation:

The auditor recommends the Organization establish an indirect cost rate which is used to distribute indirect costs to all individual programs in a fair and equitable manner.

Management's response:

In assessing true administrative costs, it is clearly desirable to assess the actual costs of administration over all the programs administered by Opportunity, Inc., whether these costs are reimbursed through those programs or not. The bookkeeper is currently addressing the creation of such a plan. It is hoped that a CPA will be recruited to work with the bookkeeper on these issues, and ensure that administrative costs are distributed in accordance with generally accepted accounting principles.

2010-3 Segregation of Duties

Condition:

During the period under audit, the internal controls of the organization did not provide for an effective segregation of duties.

Criteria:

A fundamental element of internal control is the separation of duties so that one individual cannot perpetrate and conceal errors and irregularities in the normal course of their duties. Strong internal controls require the segregation of responsibilities for authorizing transactions, physical custody of assets and related record keeping.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
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B. FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

2010-3 Segregation of Duties (Continued)

Cause:

Due to limited staff size, the responsibilities of all the financial functions of the organization were performed by one individual.

Effect:

There is an increased risk of undetected errors or fraud in the financial statements of the organization when a single individual has too much influence over any business transaction or operation.

Recommendation:

We recommend the Organization develop procedures to address the segregation of duties issues to the greatest extent possible. In addition, the internal control procedures established should be routinely reviewed to ensure that material weaknesses do not develop.

Management's response:

Opportunity, Inc. did not upgrade the corporate infrastructure sufficiently for full segregation of duties until May, 2010, as grant funds do not support administrative function, and private donations have not been sufficient to support bookkeeping and administrative staff. During the last two months of the audit period, Opportunity, Inc. was able to establish segregation of duties with the addition of bookkeeper and administrative assistant positions. Processes are being formalized and the duties of the new positions are overseen by the Executive Director.

2010-4 Allowable Costs

Criteria:

In accordance with the Homeless Assistance Challenge Grant award, financial records and supporting documents (including payment requests and vendor invoices) should be maintained for a minimum period of six (6) years after the audit report is issued, or until any resolution of audit findings, to substantiate expenditures.

In addition, grant award funds are to be expended only for activities approved in the grant award document. These valid program expenses include homelessness prevention, outreach, emergency shelter, supportive services, transitional housing and permanent housing.

Condition:

Expenses reimbursed with grant funding were found to have included costs that could potentially be deemed unallowable according to the grant award document. Specifically, auditors noted the following deficiencies:

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
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B. FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

2010-4 Allowable Costs (Continued)

- \$909 of the \$39,505 in expenses tested in this grant category were reimbursements for potentially unallowable costs such as sales tax, items originally paid by food stamps, and expenses incurred outside the grant contract period.
- \$4,220 of the \$39,505 in expenses tested in this grant category were reimbursements without proper supporting documentation on file and, therefore, we have also classified these costs as potentially unallowable.

Cause:

The Organization has procedures in place to review and monitor reimbursement requests. However, due to the small size of the staff and, potentially, the learning process of newer staff, the Organization did not perform adequate reviews of all the requests before approving the reimbursements/expenditures.

Effect:

There is an increased risk of noncompliance with applicable compliance requirements because the Organization did not perform adequate procedures to document all costs reimbursed under the grant award document. In addition, some costs reimbursed appear to be unallowable costs. We have extrapolated the results of our testing over the entire \$96,000 grant award to arrive at the reported figure shown of \$12,465 in likely questioned costs.

Recommendation:

To help ensure that it complies with allowable cost and documentation requirements, the Organization should follow its policies and procedures and increase the scrutiny used in the review of the requests for reimbursement. Unallowable costs should be deducted from the reimbursement request and the error communicated to the subrecipient or case manager who prepared the request. In addition, supporting documentation should be complete and retained in the organization's files for a period not less than six years, as stipulated by the grant award agreement.

Management's response:

The audit revealed \$909 in potentially unallowable costs for the Challenge Grant. These costs mainly occurred due to the unfamiliarity of small churches and non-profits which have not received grants before, and the chaotic state in which most invoices and receipts were submitted. Also, it is noted that tax-exempt status is not honored by every merchant, so churches and non-profits submitted receipts containing taxes they could not avert.

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B. FINDINGS - FINANCIAL STATEMENT AUDIT (Continued)

2010-4 Allowable Costs (Continued)

The process by which Opportunity Inc. attempted to identify these discrepancies was clearly not fully adequate. A spreadsheet was created for each subcontract, and every receipt was entered and evaluated separately by the administrative assistant, and reviewed by the Executive Director. Several thousand dollars of unallowable costs were detected, and payment refused. However, \$909 slipped through this process.

Opportunity, Inc. is putting new programs in place which will assist sub-grantees in turning in more organized reports, and in identifying unallowable costs prior to submitting them. Report forms have been prepared which specify allowable and non-allowable costs on the actual invoice page itself. Non-profits and churches are also required to provide a printed record of all expenditures prior to submission, grouped by grant-allowed activities.

The bookkeeper, who came on board too late to be of significant assistance in the 2009-10 Challenge Grant, has now mastered the complexities of this particular grant, one that has 14 sub-grantees, each of which has submitted reports in a unique fashion, disregarding the reporting forms supplied by Opportunity, Inc. It is also a policy that from this point forward invoices that do not follow the format specified by Opportunity, Inc. will not be paid until they are corrected.

The terms of the subcontract Opportunity, Inc. executed with each sub-grantee required various types of supporting documentation. Organizations providing cold night shelter and group meals were required to provide documentation as to the menu, number of people served as shown on sign-in sheets, and receipts. Organizations providing individual direct assistance were required to provide an intake form demonstrating homelessness or risk of homelessness, needs, and services, as well as receipts. At issue was whether or not some types of assistance were group support or individual direct assistance. For instance, a church which decided the number of people attending the cold night shelter was not great enough to warrant a full staff of volunteers moved the homeless persons into a hotel following the meal. The church did not supply an intake form for those individuals. Another church substituted its own spreadsheet, with supplied information initialed by church workers rather than individuals seeking assistance.

Opportunity, Inc. is currently clarifying what is or is not individual support, and has contacted those entities that utilized their own procedures rather than those spelled out in the subcontract to ensure that all conditions of the subcontract are met. Further, the bookkeeper and Executive Director will both review invoices to ensure all documentation is in order, and will not pay out until it is. This policy has been brought forward at the membership meeting in Fort Walton Beach on January 3, 2011 and at the Crestview membership meeting on January 17, 2011, as well as by individual contact.

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C. FINDINGS AND QUESTIONED COSTS - MAJOR STATE AWARDS PROGRAM

**State of Florida, Department of Children and Families
Homeless Assistance Challenge Grant - CSFA 60.014**

2010-5 Allowable Costs

Questioned Cost: \$12,465

Criteria:

As described above in financial statement audit finding 2010-4, the financial records and supporting documents (including payment requests and vendor invoices) should be maintained for a minimum period of six (6) years after the audit report is issued, or until any resolution of audit findings, to substantiate expenditures.

In addition, grant award funds are to be expended only for activities approved in the grant award document. These valid program expenses include homelessness prevention, outreach, emergency shelter, supportive services, transitional housing and permanent housing.

Condition:

Expenses reimbursed with grant funding were found to have included costs that could potentially be deemed unallowable according to the grant award document. Specifically, auditors noted the following deficiencies:

- \$909 of the \$39,505 in expenses tested in this grant category were reimbursements for potentially unallowable costs such as sales tax, items originally paid by food stamps, and expenses incurred outside the grant contract period.
- \$4,220 of the \$39,505 in expenses tested in this grant category were reimbursements without proper supporting documentation on file and, therefore, we have also classified these costs as potentially unallowable.

Cause:

The Organization has procedures in place to review and monitor reimbursement requests. However, due to the small size of the staff and, potentially, the learning process of newer staff, the Organization did not perform adequate reviews of all the requests before approving the reimbursements/expenditures.

Effect:

There is an increased risk of noncompliance with applicable compliance requirements because the Organization did not perform adequate procedures to document all costs reimbursed under the grant award document. In addition, some costs reimbursed appear to be unallowable costs. We have extrapolated the results of our testing over the entire \$96,000 grant award to arrive at the reported figure shown of \$12,465 in likely questioned costs.

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
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C. FINDINGS AND QUESTIONED COSTS – MAJOR STATE AWARDS PROGRAM (Continued)

2010-5 Allowable Costs (Continued)

Recommendation:

To help ensure that it complies with allowable cost and documentation requirements, the Organization should follow its policies and procedures and increase the scrutiny used in the review of the requests for reimbursement. Unallowable costs should be deducted from the reimbursement request and the error communicated to the subrecipient or case manager who prepared the request. In addition, supporting documentation should be complete and retained in the organization's files for a period not less than six years, as stipulated by the grant award agreement.

Management's response:

Please see response provided for Finding 2010-4.

2010-6 Eligibility

Criteria:

In order to comply with the grant award, the organization has developed policies and procedures for screening potential applicants prior to direct assistance being provided. This includes the completion of an intake form, documentation of an interview with agency staff and a determination of eligibility for services. Some of these eligibility determinations are performed by grant subrecipients, the Organization is ultimately responsible for ensuring all recipients of state-funded direct assistance meet the eligibility criteria established by the organization.

Condition:

Documentation was not always available to support eligibility determinations for direct support expenditures made with grant funding. Specifically, auditors noted the following deficiencies:

- Nine of the 26 disbursements to subrecipients we tested included direct support expenditures. Six of those nine did not include eligibility determination documentation on file.
- We also tested ten disbursements for direct support made by the agency (not through subrecipients). Five of the ten disbursements did not include eligibility determination documentation on file.

Cause:

The Organization has procedures in place to review and monitor reimbursement requests from subrecipients and the case managers for direct support expenditures. However, due to the small size of the staff and, potentially, the learning process of newer staff, the Organization did not perform adequate reviews of all the requests before approving the reimbursements/expenditures.

**OKALOOSA WALTON HOMELESS CONTINUUM OF CARE,
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C. FINDINGS AND QUESTIONED COSTS – MAJOR STATE AWARDS PROGRAM (Continued)

2010-6 Eligibility (Continued)

Effect:

There is an increased risk of noncompliance that an ineligible participant could receive benefits because the Organization did not perform adequate procedures to determine whether the intended recipients of direct funding complied with agency requirements.

Recommendation:

To help ensure that it complies with eligibility determination requirements, the Organization should follow its policies and procedures and increase the scrutiny used in the review of the requests for reimbursement or direct support expenditures. Reimbursement requests that do not contain eligibility determination forms should be denied reimbursement until appropriate documentation can be provided.

Management's response:

The combination of new reporting forms, individual as well as group review of reporting procedures, and refusal to pay out on invoices that do not meet subcontract specifications is expected to ensure compliance with allowable cost guidelines.

2010-7 Subrecipient Monitoring

Criteria:

According to the grant award, grantees must supervise and coordinate the expenditures made by subrecipients to ensure that state awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and a full accounting for these grant funds is made. Therefore, the Organization is responsible for identifying the state award information, including applicable compliance requirements, and monitoring subrecipients' uses of state awards through review of supporting documentation prior to reimbursement, reporting, site visits and regular contacts.

Condition:

The Organization did not always monitor or perform a thorough review of subrecipients' supporting documentation prior to reimbursement. In addition, the Organization did not always follow up in a timely manner with subrecipients who were found to be noncompliant with the requirements. Specifically, auditors noted the following deficiencies:

- For 7 of the 26 disbursements to subrecipients tested, potentially unallowable costs were reimbursed.

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C. FINDINGS AND QUESTIONED COSTS – MAJOR STATE AWARDS PROGRAM (Continued)

2010-7 Subrecipient Monitoring (Continued)

- For 7 of the 26 disbursements to subrecipients tested, inadequate supporting documentation was available to determine if reimbursed costs were allowable.
- For 6 of the 26 disbursements to subrecipients tested, expenditures for direct support to individuals was included in the cost reimbursement without proper eligibility documentation to indicate the subrecipient complied with the organization's eligibility determination criteria.

Cause:

The Organization has procedures in place to review and monitor reimbursement requests from subrecipients. However, due to the small size of the staff and, potentially, the learning process of newer staff, the Organization did not perform adequate reviews of all the requests before approving the reimbursements.

Effect:

There is an increased risk of noncompliance with applicable compliance requirements because the Organization did not perform adequate monitoring procedures to determine whether subrecipients complied with the grant criteria.

Recommendation:

To help ensure that it complies with subrecipient monitoring requirements, the Organization should follow its policies and procedures and use great scrutiny in the review of the subrecipients' requests for reimbursement. Reimbursement requests that do not contain adequate supporting documentation or eligibility determination forms should be denied reimbursement until appropriate documentation can be provided.

Management's response:

Opportunity, Inc. will utilize case managers in all locations to monitor program activities, and to assist sub-grantees in providing adequate report documentation. Administrative staff will conduct desk reviews to ensure fiscal and programmatic documentation is adequate under the terms of its contract with the Department of Children and Families.

D. OTHER ISSUES

No Summary Schedule of Prior Audit Findings (*Rules of the Auditor General*, Section 10.557(3)(d) 5. and 10.656(3)(d) 6.) is required because this is the first year the organization has been subject to an audit.

MANAGEMENT LETTER

To the Board of Directors
Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc.
Fort Walton Beach, Florida

We have audited the financial statements of Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc. (the Organization), as of and for the twelve month period ended June 30, 2010, and have issued our report thereon dated January 27, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to each State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 27, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In addition, for matters that are inconsequential, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or were likely to have occurred, and would have an immaterial effect on the financial statements or major State projects; (2) improper expenditures or illegal acts that would not materially affect the financial statements or major State projects; (3) control deficiencies that are not significant deficiencies, including, but not limited to: (a) improper or inadequate accounting procedures (e.g. the omission of required disclosures from the financial statements); (b) failures to properly record financial transactions; and (c) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed the following matters required to be disclosed:

Checking account activity not recorded in Peachtree

During a portion of the period under audit, there was a separate checking account maintained by the Crestview location of Opportunity, Inc. None of the activity from this account, which was closed during the year, was recorded in the accounting software of the organization. As a result, revenues and expenditures were understated by a trivial amount and the receipts and disbursements from this account were not subject to the organization's internal control procedures.

Management's response: Upon request of Crestview service providers, Opportunity, Inc. opened a bank account for the exclusive support of Crestview programs and homeless and near-homeless individuals. This account was to be managed by a committee of Crestview providers, and an Opportunity, Inc. office manager assigned to the Crestview area, for ease of account management and because of a severe shortage of administrative staff. Unfortunately, none of these people had access to the one Peachtree accounting program the agency could afford. This account has been closed, and a policy has been put in place to ensure that all bank accounts be operated solely out of the corporate office in Fort Walton Beach.

Rental Agreements Should Be in Writing

The Organization is currently leasing several office and service locations from outside third parties for little or no expense to the organization. These are currently done only under an oral agreement concerning all aspects of leases. In order to protect the Organization and to eliminate potential problems that can arise from oral agreements, we recommend that written lease agreements be prepared and signed. These agreements should name the parties involved, and list the terms of the lease, the rentals and any other relevant information.

Management's response: Opportunity, Inc. realizes the value of written rental agreements, and now has rental agreements for Opportunity Place and the corporate office on file. Office space in Crestview and DeFuniak Springs was offered through other not-for-profits, and was expected to be of a temporary nature. Currently, it is expected that those two offices will be vacated in the near future as stimulus dollars run out. Should these offices be maintained, in their present location or elsewhere, the agency will negotiate rental agreements for each office.

Operating on a Fiscal Year Basis

The Organization utilizes a calendar year in the maintenance of their accounting software and for tax reporting purposes. However, the nature of operations appears to more logically support a fiscal year-end of June 30th. In addition, the Organization requested an audit reporting date as of June 30, 2010. Due to the calendar year-end currently used in the accounting software, additional time was required to obtain a trial balance and general ledger detail in the appropriate format for fiscal year financial statements. We recommend the Organization change their accounting software and tax reporting cycle to a fiscal year ending June 30th.

Management's response: Opportunity, Inc. has initiated the procedure for changing the fiscal year to match the state fiscal year, which more accurately reflects revenues and expenditure patterns. A CPA specializing in tax accounting has agreed to undertake this task.

Board of Directors Meeting Minutes

We noted that the Organization's board minutes are not complete. Minutes serve as a record of the events of the board meetings and should document all important topics discussed and decisions reached. Board minutes can be a crucial document in the event of future legal matters and in documenting compliance with IRS regulations and other regulatory issues. We suggest that the Board Secretary (or an appointed record keeper) be responsible for taking and maintaining board minutes, so that every meeting will have one set of corresponding minutes.

Board of Directors
Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc.

Management's response: There has never been a BOD meeting in which minutes were not presented, along with a financial report, agenda, and Executive Director's report. Minutes were supplied to the auditors for all meetings held within the audited period. Minutes from 2008, taken by a secretary who has since moved with her husband out of the country, were apparently retained by the secretary and were not available for review. In the past, Opportunity Inc. maintained a binder containing sign-in sheets, minutes, financial reports, directors' reports, agendas and any referenced materials for each meeting. This policy will be reactivated.

We wish to thank the Organization's management and staff for their support and assistance during our audit.

This management letter is intended solely for the information of Okaloosa Walton Homeless Continuum of Care, Opportunity, Inc. and management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.



Fort Walton Beach, Florida
January 27, 2011