

**OPPORTUNITY VILLAGE
FOUNDATION
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

The logo consists of a dark blue square with a white border. Inside the square, the letters "HRC" are written in a white, bold, sans-serif font.

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OPPORTUNITY VILLAGE FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Opportunity Village Foundation
Las Vegas, Nevada

We have audited the accompanying financial statements of Opportunity Village Foundation ("Foundation"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, 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 misstatements, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
November 15, 2021

8675 S. Eastern Ave | Las Vegas, Nevada 89123 | P: 702.269.9992 | www.trustHRC.com



OPPORTUNITY VILLAGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,515,840	\$ 25,236,993
Investments	56,492,389	31,601,484
Investments, restricted	2,346,230	2,438,014
Unconditional promises to give, current, net	86,000	208,026
Notes receivable, current	2,187	2,777
Prepaid expenses and other	102,984	30,984
	<u>70,545,630</u>	<u>59,518,278</u>
Property and equipment:		
Land	3,019,778	3,019,778
Vehicles	24,663	24,663
Buildings and improvements	576,662	13,580,772
Furniture, fixtures and equipment	2,140,394	2,876,925
Construction in progress, restricted	23,982,134	7,112,009
Accumulated depreciation	(2,571,007)	(3,275,993)
	<u>27,172,624</u>	<u>23,338,154</u>
Other noncurrent assets:		
Investments, restricted, noncurrent	11,971,483	22,062,949
Investments, restricted in perpetuity	7,825,087	7,720,837
Unconditional promises to give, net	10,935,222	15,815,635
Notes receivable, net	21,925	22,062
Other noncurrent assets	60,219	62,854
	<u>30,813,936</u>	<u>45,684,337</u>
Total assets	<u>\$ 128,532,190</u>	<u>\$ 128,540,769</u>

See accompanying notes to financial statements

OPPORTUNITY VILLAGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 40,017	\$ 303,419
Accrued expenses	90,516	173,218
Deferred income	114,721	3,300
	<u>245,254</u>	<u>479,937</u>
Long-term liabilities:		
Deferred compensation	-	31,644
Long-term debt, net of debt issuance costs	12,690,403	13,676,954
Paycheck Protection Program loan	310,852	377,800
	<u>13,001,255</u>	<u>14,086,398</u>
Total liabilities	<u>13,246,509</u>	<u>14,566,335</u>
Net assets:		
Without donor restrictions	58,139,525	58,616,964
With donor restrictions	57,146,156	55,357,470
	<u>115,285,681</u>	<u>113,974,434</u>
Total liabilities and net assets	<u>\$ 128,532,190</u>	<u>\$ 128,540,769</u>

See accompanying notes to financial statements

OPPORTUNITY VILLAGE FOUNDATION

**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
Net assets without donor restrictions		
Revenues, gains, and support:		
Organization and individual contributions	\$ 3,096,241	\$ 1,485,903
Contributions to capital campaign	-	622,028
Fundraising revenues, less direct expenses of \$68,492 and \$670,615, respectively	304,446	2,467,430
Investment return, net	16,711,969	2,557,384
Gain (loss) on sale of property and equipment	(1,867)	6,500
Release of restrictions	203,830	13,864,351
Total revenues, gains, and support	<u>20,314,619</u>	<u>21,003,596</u>
Program and support services expenses and losses:		
Program services	16,402,100	1,619,036
Support services:		
Fundraising	1,815,127	2,928,958
Management and general	2,506,448	2,067,405
Total program and support services	<u>20,723,675</u>	<u>6,615,399</u>
Bad debt loss	68,383	280,893
Total program and support services expenses and losses	<u>20,792,058</u>	<u>6,896,292</u>
Change in net assets without donor restrictions	<u>(477,439)</u>	<u>14,107,304</u>
Net assets with donor restrictions		
Revenues, gains, and support:		
Organization and individual contributions	54,250	111,149
Contributions to capital campaign	588,747	-
Investment return, net	1,349,519	171,983
Release of restrictions	(203,830)	(13,864,351)
Change in net assets with donor restrictions	<u>1,788,686</u>	<u>(13,581,219)</u>
Change in net assets	1,311,247	526,085
Net assets, beginning of year	<u>113,974,434</u>	<u>113,448,349</u>
Net assets, end of year	<u><u>\$ 115,285,681</u></u>	<u><u>\$ 113,974,434</u></u>

See accompanying notes to financial statements

OPPORTUNITY VILLAGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	<u>Support Services</u>			Special Event	<u>Total 2021</u>	<u>Total 2020</u>
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Direct Expenses</u>		
Grants to Opportunity Village	\$ 16,402,100	\$ -	\$ -	\$ -	\$ 16,402,100	\$ 1,619,036
Salaries, taxes, and benefits	-	1,216,320	2,125,729	-	3,342,049	3,500,638
Bank and credit card fees	-	-	22,243	-	22,243	40,226
Interest and bond expenses	-	-	184,511	-	184,511	315,185
Occupancy	-	10,446	-	3,015	13,461	106,240
Depreciation	-	423,131	-	-	423,131	408,386
Insurance	-	82,625	-	-	82,625	110,990
Transportation	-	21,927	-	-	21,927	18,243
Supplies	-	4,284	-	31,522	35,806	490,653
Advertising and community relations	-	10,050	-	1,043	11,093	141,791
Conferences, travel, and meals	-	1,124	-	-	1,124	113,825
Repairs and maintenance	-	12,757	-	-	12,757	27,020
Professional fees	-	23	27,150	-	27,173	24,392
Subcontracts and consulting	-	1,782	146,815	-	148,597	207,220
Miscellaneous	-	30,658	-	32,912	63,570	162,169
Total expenses	<u>\$ 16,402,100</u>	<u>\$ 1,815,127</u>	<u>\$ 2,506,448</u>	<u>\$ 68,492</u>	20,792,167	7,286,014
Less: special event direct expenses					(68,492)	(670,615)
Total program and support services					<u>\$ 20,723,675</u>	<u>\$ 6,615,399</u>

See accompanying notes to financial statements

OPPORTUNITY VILLAGE FOUNDATION

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flow from operating activities:		
Change in net assets	\$ 1,311,247	\$ 526,085
Adjustments to reconcile change in net assets to net cash:		
Depreciation expense	423,131	408,386
Paycheck Protection Program loan forgiveness	(377,800)	-
Amortization of debt issuance costs (interest)	13,449	13,449
Donated securities	(71,533)	(62,370)
(Gain)/loss on sale of property and equipment	1,867	(6,500)
Change in present value discount	(230,132)	(322,300)
Provision for bad debt	(390,453)	45,830
Contributions restricted for investment in endowments	(104,250)	(50,000)
Payments of promises to give restricted for investment in capital campaign and other programs	(5,193,276)	(5,271,069)
Forgiveness of debt to Opportunity Village	3,265,134	1,164,682
Property and equipment granted to Opportunity Village	12,621,160	-
Amortization of land pledge	85,174	85,174
Unrealized/realized (gain)/loss on investments	(16,691,794)	(860,228)
Changes in operating assets and liabilities:		
Due from Opportunity Village	(3,265,134)	(1,164,682)
Unconditional promises to give	5,537,850	5,660,875
Prepaid expenses and other	(69,365)	(12,915)
Accounts payable	(274,908)	(103,710)
Accrued expenses	28,719	(1,975,779)
Deferred income	(31,644)	16,594
Net cash used in operating activities	(3,412,558)	(1,908,478)
Cash flows from investing activities:		
Purchase of property and equipment	(16,869,122)	(11,623,854)
Net proceeds from (purchases of) investments	1,951,422	(2,224,869)
Payments on notes receivable	727	1,530
Net cash used in investing activities	(14,916,973)	(13,847,193)

See accompanying notes to financial statements

OPPORTUNITY VILLAGE FOUNDATION**STATEMENTS OF CASH FLOWS (CONTINUED)****YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investments in endowments	104,250	50,000
Investments in capital campaign and other programs	5,193,276	5,271,069
Proceeds from Paycheck Protection Program loan	310,852	377,800
Payments on long-term debt	<u>(1,000,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>4,608,378</u>	<u>5,698,869</u>
Net change in cash	(13,721,153)	(10,056,802)
Cash and equivalents, beginning of year	25,236,993	35,293,795
Cash and equivalents, end of year	<u>\$ 11,515,840</u>	<u>\$ 25,236,993</u>
Supplemental disclosures:		
Cash paid for interest	\$ 166,791	\$ 301,735
Assets purchased with accounts payable	\$ 11,506	\$ 304,466

See accompanying notes to financial statements

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Opportunity Village Foundation (the “Foundation”) is a not-for-profit organization organized to raise, invest, and distribute funds to promote the interests of persons with intellectual disabilities and to promote capital campaign drives. The Foundation is supported primarily through donor contributions, grants from donors and organizations, and fundraising events held in the Southern Nevada region, such as the Magical Forest and the Las Vegas Great Santa Run.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Foundation presents its financial statements in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). Under the FASB ASC, the Foundation is required to report information regarding its financial position and changes in financial position activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results may differ from those estimates. Significant estimates include the allowance for uncollectible receivables, the functional allocation of expenses, and the useful life of depreciated assets.

Cash and Cash Equivalents

Cash and cash equivalents are highly-liquid investments with an initial maturity of three months or less and are stated at the lower of cost or market value. The Foundation has concentrated its credit risk by maintaining deposits in one financial institution, which at most times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (“FDIC”). The loss would represent the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance. The Foundation has not experienced any losses in such accounts and believes it is not exposed to a significant credit risk to cash.

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises to give are recorded at the net present value of estimated future cash flows. The Foundation records an allowance to estimate uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Impairment of Long-Lived Assets

The Foundation follows the provisions of the FASB ASC, which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of assets. The Foundation believes that no adjustment for impairment is necessary at June 30, 2021 and 2020.

Deferred Income

Deferred income consists of pre-payments for fundraising events that are scheduled in the fiscal year subsequent to when payment is received. Accordingly, such payments are recorded as deferred income and are recognized as revenue in the fiscal year that the events occur.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services

Donated services are recognized as contributions in accordance with the FASB ASC, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Foundation capitalizes all expenditures for property and equipment in excess of \$2,500 and with a useful life of greater than one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Costs associated with the acquisition, development, and construction of a project are capitalized as construction in progress and are not depreciated until placed in service. Depreciation is computed using the straight-line method over the estimated useful lives of the associated assets. The useful lives are estimated as follows:

- 3 to 5 years for vehicles
- 3 to 10 years for furniture, fixtures and equipment
- 5 to 39 years for buildings and improvements

Revenue Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged, including bequests and unconditional promises to give, at their estimated net realizable value. Bequests are recognized at the time the Foundation's right to them is established by a court and to the extent the value of proceeds is subject to reasonable estimation.

Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence or absence, respectively, of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Advertising

The Foundation expensed all of its advertising costs as they were incurred. Advertising costs totaled \$1,604 and \$48,923 during the year ended June 30, 2021 and 2020, respectively.

Services Expense Allocation

Opportunity Village, Inc. ("Opportunity Village"), a not-for-profit organization operated to assist and train adults with intellectual disabilities through vocational training, employment and similarly organized services, provides management services, facilities maintenance, and custodial services to the Foundation under an annual agreement. For the years ended June 30, 2021 and 2020, expenses under this agreement were \$2,125,729 and \$1,572,416, respectively. These expenses are included in the statement of functional expenses.

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and in the statement of functional expenses. Accordingly, all costs have been directly allocated among the programs and supporting services benefited.

Comparative Financial Information and Reclassifications

The statement of functional expenses includes certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with the FASB ASC. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2020, from which the summarized information was derived. Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.

Income Tax Status

The Foundation is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code. In the preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. In accordance with the FASB ASC, management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified or recorded as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to six years.

Subsequent Events

Subsequent events have been evaluated through November 15, 2021, which is the date the financial statements were available to be issued.

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation receives investment and contribution revenues, and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Foundation manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Foundation's financial assets, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

	As of June 30,	
	2021	2020
Cash and cash equivalents	\$ 11,515,840	\$ 25,236,993
Investments, current	58,838,619	34,007,854
Unconditional promises to give, current	86,000	208,026
Notes receivable, current	2,187	2,777
	<u>70,442,646</u>	<u>59,455,650</u>
Less: Board-designated endowments	<u>500,000</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 69,942,646</u>	<u>\$ 59,455,650</u>

To help manage unanticipated liquidity needs, the Foundation has a committed line of credit in the amount of \$3,000,000 which it could draw upon (Note 12). Additionally, as discussed in Note 8, the Foundation is required to meet certain covenants related to bonds payable.

3. INVESTMENTS

Investments in marketable equity securities with readily determinable fair values are stated at fair value. Real estate investments without readily determinable fair values are stated at cost. Real Estate Investment Trusts (REITs) are stated at fair value as determined by the fund investment manager, as fair value is not readily determinable in open markets. For further information, see description of fair value measurements in Note 4. Gains and losses that result from market fluctuations are recognized in the period such fluctuations occur.

Investments consist of the following:

	As of June 30,	
	2021	2020
Corporate bonds and bond funds	\$ 22,481,768	\$ 22,702,047
Equity securities	56,120,921	41,088,737
Real estate investment trusts	32,500	32,500
Total	<u>78,635,189</u>	<u>63,823,284</u>
Less: current portion	<u>58,838,619</u>	<u>34,039,498</u>
Total long-term investments	<u>\$ 19,796,570</u>	<u>\$ 29,783,786</u>

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020

4. FAIR VALUE MEASUREMENTS

Fair value is identified as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured according to a hierarchy that includes: “Level 1” inputs, such as quoted prices in an active market for identical assets or liabilities; “Level 2” inputs, which are observable inputs for similar assets; or “Level 3” inputs, which are unobservable inputs.

The Foundation’s investment assets held at fair value are listed below. No liabilities are held at fair value.

	Level 1	Level 2	Level 3	Total Fair Value
As of June 30, 2021				
Trading securities	\$ 78,602,689	\$ -	\$ -	\$ 78,602,689
Real estate investment trusts	-	32,500	-	32,500
Total	<u>\$ 78,602,689</u>	<u>\$ 32,500</u>	<u>\$ -</u>	<u>\$ 78,635,189</u>
	Level 1	Level 2	Level 3	Total Fair Value
As of June 30, 2020				
Trading securities	\$ 63,790,784	\$ -	\$ -	\$ 63,790,784
Real estate investment trusts	-	32,500	-	32,500
Total	<u>\$ 63,790,784</u>	<u>\$ 32,500</u>	<u>\$ -</u>	<u>\$ 63,823,284</u>

5. ENDOWMENTS

Endowment funds include donor funds restricted in perpetuity, as detailed in Note 11, and Board-designated funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor restrictions. The Foundation’s endowment funds consist of the following assets:

	As of June 30,	
	2021	2020
Investments, restricted in perpetuity	\$ 7,825,087	\$ 7,720,837
Investments, Board-designated	500,000	-
	<u>\$ 8,325,087</u>	<u>\$ 7,720,837</u>

Interpretation of Relevant Law: The Board of Directors (the “Board”) of the Foundation has interpreted Nevada state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor-gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the donor’s

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020

5. ENDOWMENTS (CONTINUED)

wishes. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Endowment net asset composition by type of fund as of June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Investments, restricted in perpetuity	\$ -	\$ 7,825,087	\$ 7,825,087
Investments, Board-designated	500,000	-	500,000
	<u>\$ 500,000</u>	<u>\$ 7,825,087</u>	<u>\$ 8,325,087</u>

Changes in endowment net assets for the year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 7,720,837	\$ 7,720,837
Contributions	500,000	54,250	554,250
Transfer to endowment fund	-	50,000	50,000
Investment return, net	4	1,349,519	1,349,523
Amounts appropriated for expenditure	1,349,519	(1,349,519)	-
Transfer of unrestricted endowment assets	(1,349,523)	-	(1,349,523)
Endowment net assets, end of year	<u>\$ 500,000</u>	<u>\$ 7,825,087</u>	<u>\$ 8,325,087</u>

Endowment net asset composition by type of fund as of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Investments, restricted in perpetuity	\$ -	\$ 7,720,837	\$ 7,720,837

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020

5. ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 7,670,837	\$ 7,670,837
Contributions	-	50,000	50,000
Investment return, net	-	219,171	219,171
Amounts appropriated for expenditure	219,171	(219,171)	-
Transfer of unrestricted endowment assets	(219,171)	-	(219,171)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 7,720,837</u>	<u>\$ 7,720,837</u>

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies for the years ended June 30, 2021 and 2020.

Return Objectives and Risk Parameters: The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results while assuming a low level of investment risk. The Foundation expects its endowment funds, on an annualized basis, to provide a total return that is superior to the weighted indices of the composite portfolio. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Foundation's Board of Directors determines each year the appropriation indices of its endowment funds based on the needs of the Foundation and Opportunity Village. In establishing this policy, the Foundation considers the long-term expected return on its endowment.

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are recorded at the net present value of estimated future cash flows using discount rates ranging between 0.16% and 4%. Amounts are recorded as net assets with donor restrictions until released from restriction. Unconditional promises to give consist of the following:

	As of June 30,	
	2021	2020
Unconditional promises to give for:		
Capital Campaign	\$ 9,102,669	\$ 14,283,020
Scholarships	-	50,000
Magical Forest	-	257,500
Fuel usage	347,264	347,264
Other	100,000	150,000
Oakey Campus land lease (See Note 10)	741,524	761,565
Engelstad Campus land lease (See Note 10)	5,330,034	5,395,166
Total unconditional promises to give	<u>\$ 15,621,491</u>	<u>\$ 21,244,515</u>
Receivable in less than one year	\$ 5,217,755	\$ 5,445,665
Receivable in one to five years	4,518,437	9,778,224
Receivable in more than five years	5,885,299	6,020,626
Total unconditional promises to give	15,621,491	21,244,515
Less: unamortized discount	(4,304,050)	(4,534,182)
Less: allowance for doubtful accounts	(296,219)	(686,672)
Net unconditional promises to give	11,021,222	16,023,661
Less: current portion	(86,000)	(208,026)
Net long-term unconditional promises to give	<u>\$ 10,935,222</u>	<u>\$ 15,815,635</u>

Unconditional promises to give from one donor represented 81% and 86% of net unconditional promises to give as of June 30, 2021 and 2020, respectively.

7. NOTES RECEIVABLE

Interest income on notes receivable is recorded when payments on the notes are received. There are no related fees associated with the notes receivable. Notes receivables are determined to be delinquent when payments are not received in full and in accordance with the note agreements.

The following is a summary of notes receivable:

	As of June 30,	
	2021	2020
Dean Court property in Henderson, Nevada, secured by deed of trust, monthly payments of \$336 at 5% interest, matures February 2023.	\$ 24,112	\$ 24,839
Less: current portion	(2,187)	(2,777)
Total net long-term notes receivable	<u>\$ 21,925</u>	<u>\$ 22,062</u>

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020

7. NOTES RECEIVABLE (CONTINUED)

Contractual maturities of notes receivable as of June 30, 2021 are as follows:

Fiscal year ending June 30,		
2022	\$	2,187
2023		3,264
2024		3,431
2025		3,606
2026		5,836
Thereafter		5,788
	\$	<u>24,112</u>

8. BONDS PAYABLE

In January 2007, Opportunity Village and the Foundation entered into an agreement to borrow funds from the proceeds of the sale of bonds issued by Clark County, Nevada. The Variable Rate Demand Economic Development Revenue Bonds (Opportunity Village Foundation Project) Series 2007 were issued in the amount of \$24,275,000. The debt is recorded on the books of the Foundation as the Foundation has the obligation for repayment. The funds were restricted to various construction projects and were used to finance the costs of construction of the Engelstad Campus and the renovation and improvement of the administrative facilities located at the Oakey Campus.

No principal payments are due on the bonds until their maturity date of January 1, 2037. Interest only payments are due monthly, and the variable interest rate is determined by the bond remarketing agent not to exceed 12%. The overall effective rate of interest on the bonds for fiscal year 2021 was 0.29%.

Attached to the bond is a mandatory letter of credit with a separate bank, which is the only collateral for the bonds. The letter of credit is in the amount of the bond proceeds plus 39 days accrued interest. The original letter of credit was replaced with a subsequent letter of credit effective February 10, 2011, which expires April 2022. The subsequent letter of credit of \$13,065,403 consists of \$12,900,000 principal plus \$165,403, which represents 39 days of accrued interest at the maximum rate of 12% per annum.

As part of the agreement under the letter of credit, the Foundation, combined with Opportunity Village, must maintain a ratio of unrestricted cash and investments to debt of at least 1.25 to 1.00 at June 30 of each year. As of June 30, 2021, these compliance requirements were waived by the bank holding the related letter of credit. As of June 30, 2020, the Foundation was in compliance with these requirements. No amount was drawn on this letter of credit as of June 30, 2021 and 2020.

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020

9. DEFERRED BOND ISSUANCE COSTS

Deferred bond issuance costs consist of the following:

	For the year ended June 30,	
	2021	2020
Deferred bond issuance costs	\$ 587,669	\$ 587,669
Less: accumulated amortization	(378,072)	(364,623)
	<u>\$ 209,597</u>	<u>\$ 223,046</u>

Amortization (interest) expense was \$13,449 for each of the years ended June 30, 2021 and 2020, respectively.

Future estimated amortization for deferred bond issuance costs are as follows:

Fiscal year ending June 30,:		
2022	\$	13,449
2023		13,449
2024		13,449
2025		13,449
2026		13,449
Thereafter		142,352
	\$	<u>209,597</u>

10. LEASES

In November 1990, the Foundation entered into an agreement with the State of Nevada to lease land, upon which the Foundation constructed a campus to serve people with disabilities, known as the "Oakey Campus", which building was donated to Opportunity Village. The term of the land lease was amended in July 2009 to 49 years with no rental payments and will expire on June 30, 2058. The fair value of donated rent to be received under this lease has been estimated at \$20,041 per year and is recorded as an unconditional promise to give, net of present value discount on the books of the Foundation. The related expenses are recorded as grants to Opportunity Village.

In May 2004, the Foundation entered into an agreement with Clark County to lease land, upon which the Foundation constructed a campus to serve people with disabilities, known as the "Engelstad Campus", which was completed and donated to Opportunity Village in October 2009. The term of the land lease was amended in September 2006 for 99 years with annual rental payments of \$1,200 and will expire on April 30, 2103. The fair value of donated rent to be received under this lease has been estimated at \$63,933 per year and has been recorded as an unconditional promise to give, net of present value discount, on the books of the Foundation. The related expenses are recorded as grants to Opportunity Village.

Future minimum payments under the operating leases as of June 30, 2021 are as follows:

Fiscal year ending June 30,		
2022	\$	1,200
2023		1,200
2024		1,200
2025		1,200
2026		1,200
Thereafter		92,400
	\$	<u>98,400</u>

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes and periods:

	As of June 30,	
	2021	2020
Subject to expenditure for a specific purpose:		
Capital campaign	\$ 43,567,409	\$ 42,978,661
Recreation programs	1,373,231	1,383,271
Scholarships	1,662,650	656,015
Fuel usage	278,083	321,385
Magical Forest capital and maintenance	248,947	35,949
Lied training	88,059	8,174
Arts and enrichment	-	58,030
Outings and entertainment	68,492	68,492
	<u>47,286,871</u>	<u>45,509,977</u>
Subject to the passage of time:		
Land leases	1,947,699	2,031,384
Unconditional promises to give	86,499	95,272
	<u>2,034,198</u>	<u>2,126,656</u>
Subject to endowment spending policy and appropriation, donor-restricted in perpetuity:		
Opportunity Village Endowment	54,250	-
Lied Foundation Endowment (1)	2,229,088	2,229,088
Walters Endowment – Magical Forest	150,000	150,000
Engelstad Scholarship Endowment	4,000,000	4,000,000
Crawford Endowment – Magical Forest	742,500	742,500
Forrest Endowment (1)	399,249	399,249
Nitz Scholarship Endowment	250,000	200,000
	<u>7,825,087</u>	<u>7,720,837</u>
Total net assets with donor restrictions	<u>\$ 57,146,156</u>	<u>\$ 55,357,470</u>

(1) Earnings from these endowments are unrestricted.

Net assets with donor restrictions were held as follows:

	As of June 30,	
	2021	2020
Investments	\$ 22,142,800	\$ 32,221,800
Unconditional promises to give	11,021,222	16,023,661
Construction in progress	23,982,134	7,112,009
Total net assets with donor restrictions	<u>\$ 57,146,156</u>	<u>\$ 55,357,470</u>

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020

11. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows:

	For the year ended June 30,	
	2021	2020
Satisfaction of purpose restrictions:		
Capital campaign	\$ -	\$ 12,689,124
Recreation programs	10,040	11,399
Fuel usage	43,302	-
Magical Forest	-	239,182
Arts and enrichment	58,030	-
	<u>111,372</u>	<u>12,939,705</u>
Expiration of time restrictions:		
Land leases	83,685	-
Walters Campus expansion	-	835,000
Unconditional promises to give	8,773	89,646
	<u>92,458</u>	<u>924,646</u>
Total net assets released from donor restrictions	<u>\$ 203,830</u>	<u>\$ 13,864,351</u>

12. COMMITMENTS AND CONTINGENCIES

The Foundation may become involved in legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position, results of operations, or liquidity.

Line of credit: The Foundation and Opportunity Village collectively secure a \$3,000,000 revolving line of credit. Advances on the credit line are payable on demand and carry an interest rate equal to the prime rate plus 3.25%. The credit line is unsecured and expires on April 13, 2022. No amount was drawn on this credit line as of June 30, 2021 and 2020.

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020

13. RELATED PARTY TRANSACTIONS

Opportunity Village has historically relied on the Foundation to provide grants and cash to cover operational shortfalls. However, Opportunity Village is independent for financial reporting purposes as the entities are not under common control. The Foundation transferred cash balances totaling \$6,200,000 and \$3,900,000 for the years ended June 30, 2021 and 2020, respectively, to Opportunity Village to cover operating shortfalls.

The Foundation recognized grant disbursements to Opportunity Village totaling \$16,402,100 and \$1,619,036 for the years ended June 30, 2021 and 2020, respectively. Included in these grant disbursements are the following items:

	For the year ended June 30,	
	2021	2020
Scholarships	\$ 47,535	\$ 41,604
Donations and interest income related to programs	96,105	108,356
In-kind rent (1)	85,174	85,174
Forgiveness of debt due from Opportunity Village (2)	3,265,134	1,164,682
Capacity building	286,992	219,220
Building improvements	12,621,160	-
Total grant disbursements	<u>\$ 16,402,100</u>	<u>\$ 1,619,036</u>

- (1) The Foundation has been granted by Clark County the right to use the land on which the Oakey Campus and Engelstad Campus were constructed. The land leases are recorded as unconditional promises to give by the Foundation. For additional information, see Note 10. As the assets and buildings of the Oakey Campus and Engelstad Campus are owned by Opportunity Village, Opportunity Village recognized \$85,174 and \$85,174 in in-kind rent expense for the years ended June 30, 2021 and 2020, respectively.
- (2) Related-party receivables and payables are the result of cash payments by the Foundation to Opportunity Village for operating needs, transfers of property and equipment, and payments for management services as described in Note 1. These balances are monitored by the Boards of each respective organization and may be forgiven by each organization as necessary.

14. DEFERRED COMPENSATION

The Foundation had a deferred compensation agreement with one employee of the organization. As of June 30, 2020, the employee's deferred compensation agreement required \$14,000 in employer contributions each fiscal year during the continuance of employment. The employee was fully vested in all funds placed in the deferred compensation account, including all investment income and losses. During the year ended June 30, 2021, this individual separated from employment with the Foundation and the fully vested amount, including the accumulated investment income or losses, was distributed to the employee.

OPPORTUNITY VILLAGE FOUNDATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED JUNE 30, 2021 AND 2020

15. PAYCHECK PROTECTION PROGRAM LOAN

On April 20, 2021, the Foundation (the “Borrower”) qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the “PPP Lender”), for an aggregate principal amount of \$310,257 (the “PPP Loan”). This was the second PPP Loan received by the Foundation. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal and accrued interest of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Foundation’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the organization. The Foundation intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Foundation will be required to pay interest on the PPP Loan at a rate of 1.0% per annum and commencing the earlier of (1) the date that SBA remits the Borrower’s loan forgiveness amount to the Lender or (2) 10 months after the end of the Borrower’s loan forgiveness covered period of 24-weeks, principal and interest payments will be required through the maturity date in April 2026. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

The Foundation has accounted for the PPP Loan as a financial liability in accordance with FASB ASC 470 and accrued interest of \$595 in accordance with the interest method under FASB ASC 835-30. The loan will be recognized as contribution revenue if loan forgiveness is provided by the SBA.

On April 15, 2020, the Foundation qualified for and received a PPP Loan for an aggregate principal amount of \$377,800 under the same terms and conditions as those noted above. This PPP loan was approved for forgiveness by the SBA on April 8, 2021. The Foundation recognized contribution revenue for the total amount forgiven by the SBA, which included accrued interest through the date of forgiveness, during the year ended June 30, 2021.

16. WORLDWIDE PANDEMIC

In March of 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact various parts of its future operations and financial results. Management believes the Foundation is taking appropriate actions to mitigate the potential negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.