OPPORTUNITY VILLAGE

FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

OPPORTUNITY VILLAGE FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Opportunity Village Foundation
6050 South Buffalo Drive
Las Vegas, Nevada 89146

Opinion

We have audited the accompanying financial statements of Opportunity Village Foundation (a nonprofit organization) (Foundation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, 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 16, 2023

OPPORTUNITY VILLAGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 14,866,693	$ 6,954,323
Investments	34,585,649	42,749,870
Investments, restricted	2,174,572	2,079,431
Unconditional promises to give, current	88,588	134,104
Prepaid expenses and other	69,623	336,147
	51,785,125	52,253,875
Property and equipment:		
Land	3,019,778	3,019,778
Vehicles	24,663	24,663
Buildings and improvements	754,017	710,474
Furniture, fixtures and equipment	2,266,800	2,178,975
Construction in progress, restricted	235,085	132,086
Accumulated depreciation	(2,734,356)	(2,635,052)
	3,565,987	3,430,924
Other noncurrent assets:		
Investments, restricted, noncurrent	15,180,070	13,664,657
Investments, restricted in perpetuity	19,690,768	6,710,125
Unconditional promises to give, net	1,796,567	5,834,164
Other noncurrent assets	60,219	60,219
	36,727,624	26,269,165
Total assets	$ 92,078,736	$ 81,953,964

OPPORTUNITY VILLAGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023 AND 2022

	2023	2022
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 18,816	$ 20,926
Accrued expenses	84,390	92,997
Deferred revenue	61,237	135,199
	164,443	249,122
Long-term liabilities:		
Long-term debt	11,117,301	11,903,852
	11,117,301	11,903,852
	11,281,744	12,152,974
Net assets:		
Without donor restrictions	41,631,342	41,246,423
With donor restrictions	39,165,650	28,554,567
	80,796,992	69,800,990
Total liabilities and net assets	$ 92,078,736	$ 81,953,964

OPPORTUNITY VILLAGE FOUNDATION

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Net assets without donor restrictions		
Revenues, gains, and support:		
Organization and individual contributions	$ 2,777,881	$ 2,317,158
Contributions to capital campaign	89,341	335,826
Fundraising revenues, less direct expenses of $622,717 and $676,307, respectively	2,895,493	2,583,046
Investment return, net	5,516,861	-
Release of restrictions	319,514	27,426,627
Total revenues, gains, and support	11,599,090	32,662,657
Program and support services expenses and losses:		
Program services	6,087,761	33,529,863
Support services:		
Fundraising	2,158,233	1,936,527
Management and general	2,931,842	2,723,750
Total program and support services	11,177,836	38,190,140
Loss on disposal of property and equipment	-	349,946
Investment return, net	-	10,956,476
Bad debt loss	36,335	59,197
Total program and support services expenses and losses	11,214,171	49,555,759
Change in net assets without donor restrictions	384,919	(16,893,102)
Net assets with donor restrictions		
Revenues, gains, (losses), and support:		
Organization and individual contributions	4,438	19,000
Contributions to capital campaign	9,950,747	-
Investment return, net	975,412	(1,183,962)
Release of restrictions	(319,514)	(27,426,627)
Change in net assets with donor restrictions	10,611,083	(28,591,589)
Change in net assets	10,996,002	(45,484,691)
Net assets, beginning of year	69,800,990	115,285,681
Net assets, end of year	$ 80,796,992	$ 69,800,990

See accompanying notes to financial statements

OPPORTUNITY VILLAGE FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

		Support Services				
	Program Services	Fundraising	Management and General	Special Event Direct Expenses	Total 2023	Total 2022
Grants to Opportunity Village	$ 6,087,761	$ -	$ -	$ -	$ 6,087,761	$ 33,529,863
Salaries, taxes, and benefits	-	1,298,107	2,310,677	-	3,608,784	3,662,584
Bank and credit card fees	-	-	81,136	-	81,136	62,320
Interest and bond expenses	-	-	446,696	-	446,696	180,126
Occupancy	-	78,383	-	60,159	138,542	132,109
Depreciation	-	99,303	-	-	99,303	93,976
Insurance	-	135,394	-	-	135,394	104,326
Transportation	-	11,986	-	-	11,986	20,344
Supplies	-	14,813	-	418,595	433,408	448,833
Advertising and community relations	-	108,316	-	-	108,316	44,372
Conferences, travel, and meals	-	126,722	-	-	126,722	103,340
Repairs and maintenance	-	49,893	-	-	49,893	57,733
Professional fees	-	16,900	22,606	-	39,506	23,900
Subcontracts and consulting	-	185,336	70,727	-	256,063	137,186
Miscellaneous	-	33,080	-	143,963	177,043	265,435
Total expenses	$ 6,087,761	$ 2,158,233	$ 2,931,842	$ 622,717	11,800,553	38,866,447
Less: special event direct expenses					(622,717)	(676,307)
Total program and support services					$ 11,177,836	$ 38,190,140

See accompanying notes to financial statements

OPPORTUNITY VILLAGE FOUNDATION

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flow from operating activities:		
Change in net assets	$ 10,996,002	$ (45,484,691)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	99,303	93,976
Paycheck Protection Program loan forgiveness	-	(310,852)
Amortization of debt issuance costs (interest)	13,449	13,449
Donated securities	-	(38,230)
(Gain)/loss on disposal of property and equipment	-	349,946
Change in present value discount	(75,341)	(204,208)
Provision for bad debt	(2,114)	(288,067)
Contributions restricted for investment in endowments	-	(69,000)
Payments of promises to give restricted for investment in capital campaign and other programs	(4,028,959)	(5,063,428)
Forgiveness of debt to Opportunity Village	6,079,260	6,218,343
Granted assets to Opportunity Village	-	27,078,640
Amortization of land pledge	84,039	84,039
Unrealized/realized (gain)/loss on investments	(3,942,490)	13,606,792
Changes in operating assets and liabilities:		
Due from Opportunity Village	(6,079,260)	(6,218,343)
Unconditional promises to give	4,076,529	5,461,190
Prepaid expenses and other	266,524	(233,163)
Accounts payable	(2,110)	(19,091)
Accrued expenses	(8,607)	2,481
Deferred revenue	(73,962)	20,478
Net cash provided by (used in) operating activities	7,402,263	(4,999,739)
Cash flows from investing activities:		
Purchase of property and equipment	(234,366)	(3,780,862)
Purchases of securities	(33,377,077)	(13,781,555)
Proceeds from sales of securities	30,892,591	13,644,099
Payments on notes receivable	-	24,112
Net cash used in investing activities	(2,718,852)	(3,894,206)

OPPORTUNITY VILLAGE FOUNDATION

STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Investments in endowments	-	69,000
Investments in capital campaign and other programs	4,028,959	5,063,428
Payments on long-term debt	(800,000)	(800,000)
Net cash provided by financing activities	3,228,959	4,332,428
Net change in cash	7,912,370	(4,561,517)
Cash and equivalents, beginning of year	6,954,323	11,515,840
Cash and equivalents, end of year	$ 14,866,693	$ 6,954,323
Supplemental disclosures:		
Cash paid for interest	$ 433,246	$ 164,661

See accompanying notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Opportunity Village Foundation (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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 and 2022.

Deferred Revenue

Deferred revenue 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 revenue 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.

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 is carried at cost. Donated property and equipment is 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023 and 2022, expenses under this agreement were $2,310,677 and $2,360,399, respectively. These expenses are included in salaries taxes and benefits in the statement of functional expenses.

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.

Advertising

The Foundation expensed all advertising costs as they were incurred.

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, 2022, from which the summarized information was derived. Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

New Accounting Pronouncement

Effective July 1, 2022, the Foundation adopted the provisions of FASB ASC Topic 842 (ASU 2016-02), *Leases.* ASC 842 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the lessee's statement of financial position upon the commencement of all leases, except for those with a lease term of twelve months or less. As a lessor, leases are classified as either sales-type leases, direct finance leases or operating leases. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

Subsequent Events

Subsequent events have been evaluated through November 16, 2023, which is the date the financial statements were available to be issued.

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,	
	2023	2022
Cash and cash equivalents	$ 14,866,693	6,954,323
Investments, current	36,760,221	44,829,301
Unconditional promises to give, current	88,589	134,104
	51,715,503	51,917,728
Less: Board-designated endowments	(482,827)	(434,441)
Financial assets available to meet cash needs for general expenditures within one year	$ 51,232,676	$ 51,483,287

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 10). Additionally, as discussed in Note 7, 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,	
	2023	2022
Corporate bonds and bond funds	$ 30,064,721	$ 44,611,725
Equity securities	41,566,338	20,559,858
Real estate investment trusts	-	32,500
Total	71,631,059	65,204,083
Less: current portion	(36,760,221)	(44,829,301)
Total noncurrent investments	$ 34,870,838	$ 20,374,782

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 measured 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, 2023				
Corporate bonds and bond funds	$ 30,064,721	$ -	$ -	$ 30,064,721
Equity securities	41,566,338	-	-	41,566,338
Total	$ 71,631,059	$ -	$ -	$ 71,631,059

	Level 1	Level 2	Level 3	Total Fair Value
As of June 30, 2022				
Corporate bonds and bond funds	$ 44,611,725	-	-	$ 44,611,725
Equity securities	20,559,858	-	-	20,559,858
Real estate investment trusts	-	32,500	-	32,500
Total	$ 65,171,583	$ 32,500	$ -	$ 65,204,083

5. ENDOWMENTS

Endowment funds include donor funds restricted in perpetuity, as detailed in Note 12, and Board-designated funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor restrictions.

Interpretation of Relevant Law: The Board of Directors (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 wishes. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

5. ENDOWMENTS (CONTINUED)

(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, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Investments, restricted in perpetuity	$ -	$ 19,690,768	$ 19,690,768
Investments, Board-designated	482,827	-	482,827
	$ 482,827	$ 19,690,768	$ 20,173,595

Changes in endowment net assets for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 434,441	$ 6,710,125	$ 7,144,566
Transfer to endowment fund	-	12,327,618	12,327,618
Investment return, net	48,386	975,412	1,023,798
Amounts appropriated and transferred out of endowment funds	-	(322,387)	(322,387)
Endowment net assets, end of year	$ 482,827	$ 19,690,768	$ 20,173,595

Endowment net asset composition by type of fund as of June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Investments, restricted in perpetuity	$ -	$ 6,710,125	$ 6,710,125
Investments, Board-designated	434,441	-	434,441
	$ 434,441	$ 6,710,125	$ 7,144,566

5. ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 500,000	$ 7,825,087	$ 8,325,087
Contributions	-	19,000	19,000
Transfer to endowment fund	-	50,000	50,000
Investment return, net	(65,559)	(1,183,962)	(1,249,521)
Endowment net assets, end of year	$ 434,441	$ 6,710,125	$ 7,144,566

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. As of June 30, 2023, funds with original gift values of $7,894,087, fair values of $7,363,150, and deficiencies of $530,937 were reported in net assets with donor restrictions. As of June 30, 2022, funds with original gift values of $7,894,087, fair values of $6,710,125, and deficiencies of $1,183,962 were reported in net assets with donor restrictions. The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) to permit spending from underwater endowments in accordance with prudent measures required under law. As required by the Foundation's endowment policies, no spending from underwater endowments will occur until the original gift value is restored through subsequent increases in fair value.

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.

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, 2023	As of June 30, 2022
Unconditional promises to give for:		
Capital campaign	$ 12,214	$ 4,038,744
Other	-	50,000
Oakey Campus land lease (See Note 9)	703,710	721,482
Engelstad Campus land lease (See Note 9)	5,199,770	5,266,036
Total unconditional promises to give	$ 5,915,694	$ 10,076,262
Receivable in less than one year	$ 88,588	$ 4,170,472
Receivable in one to five years	344,956	338,790
Receivable in more than five years	5,482,150	5,567,000
Total unconditional promises to give	5,915,694	10,076,262
Less: unamortized discount	(4,024,501)	(4,099,842)
Less: allowance for doubtful accounts	(6,038)	(8,152)
Net unconditional promises to give	1,885,155	5,968,268
Less: current portion	(88,588)	(134,104)
Net long-term unconditional promises to give	$ 1,796,567	$ 5,834,164

Unconditional promises to give from one donor represented 67% of net unconditional promises to give as of June 30, 2022. There were no concentrations of unconditional promises to give as of June 30, 2023.

7. 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 2023 was 2.87%.

7. BONDS PAYABLE (CONTINUED)

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 2024. The subsequent letter of credit of $11,444,888 consists of $11,300,000 principal plus $144,888, 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 1.10 to 1.00 and a debt service coverage ratio of at least 1.25 to 1.00 at June 30 of each year. As of June 30, 2023, these compliance requirements were waived by the bank holding the related letter of credit. As of June 30, 2022, the Foundation was in compliance with these requirements. No amount was drawn on this letter of credit as of June 30, 2023 and 2022.

8. DEFERRED BOND ISSUANCE COSTS

Deferred bond issuance costs consist of the following:

	For the year ended June 30,	
	2023	2022
Deferred bond issuance costs	$ 587,669	$ 587,669
Less: accumulated amortization	(404,970)	(391,521)
	$ 182,699	$ 196,148

Amortization (interest) expense was $13,449 for each of the years ended June 30, 2023 and 2022, respectively.

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

Fiscal year ending June 30:

2024	$ 13,449
2025	13,449
2026	13,449
2027	13,449
2028	13,449
Thereafter	115,454
	$ 182,699

9. 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.

10. 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: 1) the greater of 2.0% or the prime rate minus 1.0% or 2) the greater of 2.0% or the Daily Simple SOFR plus 2.05%, at the option of the Foundation. The credit line is unsecured and expires on April 13, 2024. No amount was drawn on this credit line as of June 30, 2023 and 2022.

11. PAYCHECK PROTECTION PROGRAM LOAN

On April 20, 2021, the Foundation 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, for an aggregate principal amount of $310,257 (PPP Loan). This was the second PPP Loan received by the Foundation. The PPP Loan bore interest at a fixed rate of 1.0% per annum, had a term of five years, and was unsecured and guaranteed by the SBA. The principal and accrued interest of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon the Foundation's request to the extent that the PPP Loan proceeds were 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. During the year ended June 30, 2022, the Foundation applied for and was granted forgiveness of the PPP Loan. The Foundation recognized contribution revenue for the total amount forgiven by the SBA, which included accrued interest through the date of forgiveness.

12. NET ASSETS WITH DONOR RESTRICTIONS

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

	As of June 30,	
	2023	2022
Subject to expenditure for a specific purpose:		
Capital campaign	$ 14,116,544	$ 16,493,416
Recreation programs	1,253,501	1,333,886
Scholarships	1,613,340	1,608,901
Fuel usage	19,171	150,669
Magical Forest capital and maintenance	88,411	171,619
Lied training	62,771	79,749
Outings and entertainment	68,492	68,492
Naming rights	50,000	-
Residential services	322,387	-
	17,594,617	19,906,732
Subject to the passage of time:		
Land leases	1,880,265	1,887,710
Unconditional promises to give	-	50,000
	1,880,265	1,937,710
Subject to endowment spending policy and appropriation, donor-restricted in perpetuity:		
Opportunity Village Endowment	71,507	66,597
Lied Foundation Endowment (1)	2,077,287	1,891,374
Walters Endowment – Magical Forest	139,785	127,274
Engelstad Scholarship Endowment	3,727,600	3,393,987
Crawford Endowment – Magical Forest	691,936	630,008
Forrest Endowment (1)	372,060	338,761
Nitz Scholarship Endowment	282,975	262,124
Residential Services Endowment	12,327,618	-
	19,690,768	6,710,125
Total net assets with donor restrictions	$ 39,165,650	$ 28,554,567

(1) Earnings from these endowments are unrestricted.

Net assets with donor restrictions were held as follows:

	As of June 30,	
	2023	2022
Investments	$ 37,045,410	$ 22,454,213
Unconditional promises to give	1,885,155	5,968,268
Construction in progress	235,085	132,086
Total net assets with donor restrictions	$ 39,165,650	$ 28,554,567

12. 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, 2023	For the year ended June 30, 2022
Satisfaction of purpose restrictions:		
Capital campaign	$ -	$ 27,073,993
Recreation programs	80,385	39,345
Fuel usage	131,498	127,414
Magical Forest capital and maintenance	83,208	77,328
Scholarships	-	3,749
Lied training	16,978	8,310
	312,069	27,330,139
Expiration of time restrictions:		
Land leases	7,445	59,989
Unconditional promises to give	-	36,499
	7,445	96,488
Total net assets released from donor restrictions	$ 319,514	$ 27,426,627

Net assets were transferred between classes of net assets as follows:

	For the year ended June 30, 2023	For the year ended June 30, 2022
Naming rights	$ 50,000	$ -
Unconditional promises to give	(50,000)	-
Residential Services Endowment	12,327,618	-
Capital campaign	(12,327,618)	-
Scholarships	-	(50,000)
Nitz Scholarship Endowment	-	50,000
	$ -	$ -

13. CONDITIONAL PROMISE TO GIVE

In January 2023, a donor promised to give $10 million to the Foundation for the Northwest Campus capital campaign on the condition that a matching dollar amount of funding is raised for the same purpose between January 18, 2023 and December 31, 2023. The funds raised must be available in cash, specifically excluding promises to give and in-kind contributions. The Foundation will recognize revenue from this promise to give as the conditions are substantially met.

14. 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 $6,000,000 and $9,000,000 for the years ended June 30, 2023 and 2022, respectively, to Opportunity Village to cover operating shortfalls.

The Foundation recognized grant disbursements to Opportunity Village totaling $6,079,260 and $33,529,863 for the years ended June 30, 2023 and 2022, respectively. Included in these grant disbursements are the following items:

	For the year ended June 30,	
	2023	2022
Scholarships	$ 47,244	$ 54,798
Donations and interest income related to programs	266,138	94,043
In-kind rent (1)	84,039	84,039
Forgiveness of debt due from Opportunity Village (2)	5,681,839	6,218,343
Building improvements	-	27,078,640
Total grant disbursements	$ 6,079,260	$ 33,529,863

(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 9. As the assets and buildings of the Oakey Campus and Engelstad Campus are owned by Opportunity Village, Opportunity Village recognized $84,039 and $84,039 in in-kind rent expense for the years ended June 30, 2023 and 2022, respectively.

(2) Related-party receivables and payables are the result of cash payments between the Foundation and 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.