OPPORTUNITY VILLAGE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

OPPORTUNITY VILLAGE, INC.

TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2023 AND 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Opportunity Village, Inc.
Las Vegas, Nevada

Opinion

We have audited the accompanying financial statements of Opportunity Village, Inc. (Opportunity Village) (a nonprofit organization), 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 referred to above present fairly, in all material respects, the financial position of Opportunity Village 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 Opportunity Village 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 Opportunity Village'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 Opportunity Village'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 Opportunity Village'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 Opportunity Village'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, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 844,624	$ 816,070
Cash and cash equivalents, restricted	30,998	119,921
Accounts receivable, net of allowance	2,965,125	2,658,300
Unconditional promises to give	325,166	75,166
Inventory	226,360	216,342
Prepaid expenses and other	359,197	285,204
	4,751,470	4,171,003
Property and equipment:		
Land	1,321,898	1,321,898
Buildings and improvements	76,832,194	76,655,477
Furniture, fixtures and equipment	9,913,450	9,866,373
Vehicles	715,779	1,376,693
Accumulated depreciation	(33,840,658)	(31,291,271)
	54,942,663	57,929,170
Other noncurrent assets:		
Cash and cash equivalents, held for deferred compensation	75,778	80,316
Unconditional promises to give, net	2,002,500	2,007,556
Down payment assistance receivable	99,850	99,850
Deposits and other	49,038	44,747
Operating lease right-of-use assets	1,395,536	-
Finance lease right-of-use assets	367,959	-
Investments, held for deferred compensation	209,063	207,346
Land held for investment	350,000	350,000
	4,549,724	2,789,815
Total assets	$ 64,243,857	$ 64,889,988

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.

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

	2023	2022
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 970,166	$ 479,891
Accrued expenses	1,636,325	1,538,385
Deferred revenue	-	12,557
Operating lease liabilities	472,048	-
Finance lease liabilities	141,782	111,445
Paycheck Protection Program loan	257,147	254,598
	3,477,468	2,396,876
Long-term liabilities:		
Deferred compensation	284,841	287,662
Operating lease liabilities, net of current	940,969	-
Finance lease liabilities, net of current	320,493	262,728
Deposits payable	50,810	48,750
Paycheck Protection Program loan, net of current	216,485	473,744
	1,813,598	1,072,884
	5,291,066	3,469,760
Net assets:		
Without donor restriction	55,549,681	58,039,806
With donor restriction	3,403,110	3,380,422
	58,952,791	61,420,228
Total liabilities and net assets	$ 64,243,857	$ 64,889,988

OPPORTUNITY VILLAGE, INC.

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Net assets without donor restrictions		
Revenues, gains and support:		
Government support for services	$ 7,013,270	$ 6,790,311
Contributions	1,419,153	1,301,393
Government grant revenue	799,175	5,801,784
Betty's Village rental income	870,023	736,625
Service contracts	6,602,277	5,683,608
Thrift store sales, net	1,362,949	1,509,208
General contract sales	6,696,862	4,945,800
Vehicle sales, net of selling fees	48,523	6,825
Rental income	75,675	58,600
Other	87,731	38,049
Grants from Opportunity Village Foundation	6,079,260	6,451,223
Donated assets from Opportunity Village Foundation	-	27,078,640
Release of restrictions	240,005	138,221
Total revenues, gains and support	31,294,903	60,540,287
Expenses and losses:		
Program services:		
Service contracts	7,174,348	6,612,748
Thrift store	1,692,733	1,681,014
Work-training and adult development	18,150,669	15,950,859
Residential	2,120,511	1,763,031
Support services:		
Management and general	4,646,767	4,416,967
	33,785,028	30,424,619
Loss on disposal of assets	-	7,933
Total expenses and losses	33,785,028	30,432,552
Change in net assets without donor restrictions	(2,490,125)	30,107,735
Net assets with donor restrictions		
Contributions	262,693	75,995
Release of restrictions	(240,005)	(138,221)
Change in net assets with donor restrictions	22,688	(62,226)
Change in net assets	(2,467,437)	30,045,509
Net assets, beginning of year	61,420,228	31,374,719
Net assets, end of year	$ 58,952,791	$ 61,420,228

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.

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

	Program Services					Support Services		
	Service Contracts	Thrift Store	Work-training and Adult Development	Residential	Total Program Services	Management and General	Total 2023	Total 2022
Salaries, taxes, and benefits	$ 3,624,461	$ 788,299	$ 11,223,687	$ 331,810	$ 15,968,257	$ 2,627,638	$ 18,595,895	$ 16,834,088
Payments to persons served	2,675,948	301,593	1,290,115	-	4,267,656	41,110	4,308,766	3,940,802
Depreciation and amortization	17,486	25,369	1,935,946	1,127,288	3,106,089	306,331	3,412,420	3,284,698
Subcontracts and consulting	236,398	4,847	331,508	388	573,141	555,547	1,128,688	1,018,486
Utilities and telephone	102,216	144,538	1,092,591	384,908	1,724,253	221,873	1,946,126	1,362,239
Supplies, training, and development	227,674	29,926	357,235	10,751	625,586	23,633	649,219	701,504
Rent	-	205,860	391,222	-	597,082	172,204	769,286	713,607
Repairs and maintenance	52,247	78,633	403,277	67,704	601,861	80,670	682,531	548,448
Contract services and freight	-	8,388	358,824	-	367,212	-	367,212	462,897
Transportation	101,795	53,526	419,118	-	574,439	23,733	598,172	447,960
Professional fees	-	1,614	611	133,913	136,138	131,157	267,295	208,119
Bank fees and interest	250	7,861	23,510	197	31,818	24,159	55,977	122,131
Insurance	55,366	28,378	162,841	54,540	301,125	52,382	353,507	291,823
Advertising	1,123	256	2,758	1,950	6,087	1,980	8,067	21,320
Recruitment	18,800	4,285	46,689	-	69,774	33,126	102,900	46,496
Conferences, travel, and meals	75	-	4,847	-	4,922	54,281	59,203	48,642
Bad debt	-	-	1,105	-	1,105	2,584	3,689	-
Dues and subscriptions	28,648	130	31,494	6,247	66,519	287,323	353,842	302,659
Uniforms	31,797	-	15,274	-	47,071	1,509	48,580	13,842
Customer relations	-	-	10,887	594	11,481	1,457	12,938	12,686
Postage	64	9,230	47,130	221	56,645	4,070	60,715	42,172
Total expenses	$ 7,174,348	$ 1,692,733	$ 18,150,669	$ 2,120,511	$ 29,138,261	$ 4,646,767	$ 33,785,028	$ 30,424,619

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.

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

	2023	2022
Cash flow from operating activities:		
Change in net assets	$ (2,467,437)	$ 30,045,509
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of finance lease ROU assets	3,412,420	3,284,698
Amortization of operating lease right-of-use assets	462,524	-
Loss on disposal of assets	-	7,933
Donated assets	-	(39,694)
Forgiveness of debt from Opportunity Village Foundation	(6,079,260)	(6,218,343)
Granted assets from Opportunity Village Foundation	-	(27,078,640)
Forgiveness of Paycheck Protection Program loan	-	(4,838,421)
Change in allowance for doubtful accounts	2,585	(33,746)
Change in present value discount	(70,110)	(70,278)
Changes in operating assets and liabilities:		
Accounts receivable	(309,410)	(73,429)
Employee receivable	-	18,906
Unconditional promises to give	(174,834)	75,166
Inventory	(10,018)	75,048
Prepaid expenses and other	(73,993)	(51,064)
Down payment assistance receivable	-	29,200
Deposits and other	(4,291)	24,380
Accounts payable	490,275	(390,824)
Accrued expenses	97,940	127,136
Due to Opportunity Village Foundation	6,079,260	6,218,343
Deferred revenue	(12,557)	(69,289)
Deferred compensation	(4,538)	32,155
Operating lease liabilities	(445,043)	-
Deposits	2,060	42,750
Net cash provided by operating activities	895,573	1,117,496

OPPORTUNITY VILLAGE, INC.

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

	2023	2022
Cash flows from investing activities:		
Purchase of property and equipment	(581,467)	(172,235)
Net cash used in investing activities	(581,467)	(172,235)
Cash flows from financing activities:		
Payments on capital lease obligations	-	(119,151)
Payments on finance leases	(124,303)	-
Repayment of Paycheck Protection Program loan	(254,710)	(105,176)
Net cash used in financing activities	(379,013)	(224,327)
Net change in cash	(64,907)	720,934
Cash and equivalents, beginning of year	1,016,307	295,373
Cash and equivalents, end of year	$ 951,400	$ 1,016,307
Summary of cash accounts:		
Cash and cash equivalents	$ 844,624	$ 816,070
Cash and cash equivalents, restricted	30,998	119,921
Cash and cash equivalents, held for deferred compensation	75,778	80,316
	$ 951,400	$ 1,016,307
Supplemental disclosures:		
Assets acquired through capital lease obligations	$ -	$ 209,287
ROU assets obtained from operating lease liabilities	$ 1,858,060	$ -
ROU assets obtained from finance lease liabilities	$ 212,405	$ -
Cash paid for interest	$ 18,872	$ 10,788

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Opportunity Village, Inc. (Opportunity Village), formerly known as Opportunity Village Association for Retarded Citizens, is a not-for-profit organization operated to assist and train adults with intellectual disabilities (persons served) through vocational training, employment and similarly organized activities in the Southern Nevada region. Opportunity Village also operates one thrift store. Opportunity Village receives funding from the State of Nevada and local government, as well as self-earned income.

The following is a summary of significant accounting policies:

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

Opportunity Village presents its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, Opportunity Village 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. Opportunity Village has concentrated its custodial credit risk by maintaining deposits in financial institutions 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. Opportunity Village has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

Inventory

Inventory consists of items used in the Employment Training Center, Food Service Training Center, and donated thrift store goods and is stated at the lower of cost or net realizable value, if purchased, and approximate fair value at the date of donation, if donated. Costs are determined using the first-in, first-out method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable result from contracts for the services of persons served by Opportunity Village, including contracts with the government, and are shown net of allowance. Management reviews accounts receivable balances to determine if an allowance for doubtful accounts is necessary. As of June 30, 2023 and 2022, the allowance for doubtful accounts was $24,572 and $21,987, respectively. As of June 30, 2023 and 2022, 30% and 26% of the balance was due from one customer.

Impairment of Long-Lived Assets

Opportunity Village 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. Opportunity Village believes that no adjustment for impairment is necessary at June 30, 2023 and 2022.

Property and Equipment

Opportunity Village 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 47 years for buildings and improvements.

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 Opportunity Village's financial statements for the year ended June 30, 2022, from which the summarized information was derived. Additionally, certain reclassifications have been made to the 2022 financial statements to conform to the 2023 presentation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Opportunity Village leases operating facilities and equipment under operating lease and finance lease arrangements and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the balance sheet. Finance leases are included in finance lease ROU assets and finance lease liabilities on the balance sheet.

ROU assets represent Opportunity Village's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of Opportunity Village's leases do not provide an implicit rate, a risk-free rate is used based on information available at the commencement date in determining present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Opportunity Village has lease agreements with lease and non-lease components, which are generally accounted for separately. For certain leases, Opportunity Village accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments are recognized in operating expenses in the period in which the obligation for those payments were incurred.

Revenue Recognition

Betty's Village is an inclusive residential housing community for people of diverse abilities owned by Opportunity Village. Housing units are leased to residents with payments due on a monthly basis. The resulting revenue is recognized during the period for which the payment entitles the resident to occupy the property.

Opportunity Village obtains government support from various government agencies for services provided to members served. Revenue from providing these services is recognized in the period in which the services are rendered.

Opportunity Village enters into contracts with various public and private agencies throughout the community to provide services as part of its work-training program, the purpose of which is to facilitate the gainful employment of members served. Revenue from providing these services is recognized in the period in which the services are rendered.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Opportunity Village accounts for contributions in accordance with the FASB ASC. Accordingly, contributions are recognized as revenue when they are received or unconditionally pledged at their estimated net realizable value. 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 provides management services, facilities maintenance, and custodial services to the Opportunity Village Foundation (Foundation), 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, under an annual agreement. For the years ended June 30, 2023 and 2022, costs allocated to the Foundation under this agreement were $2,310,677 and $2,360,399, respectively. These expenses are excluded from 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, certain costs have been allocated among the programs and supporting services benefited. All allocated costs were directly allocated by function based on the nature of the expense.

Donated Services

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

Advertising

Opportunity Village expensed all advertising costs as they were incurred.

Income Tax Status

Opportunity Village 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 accounting standards, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

In February 2016, the FASB issued guidance (ASC 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Opportunity Village adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

Opportunity Village elected the available practical expedients to account for their existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, Opportunity Village recognized on July 1, 2022 a finance lease liability at the carrying amount of the capital lease obligations on June 30, 2022, of $374,173 and a finance lease ROU asset at the carrying amount of the capital lease asset of $264,738. Opportunity Village also recognized on July 1, 2022 an operating lease liability of $1,851,193, which represents the present value of the remaining operating lease payments of $1,865,391, discounted using risk-free rates ranging from 0.36% to 4.45%, and a right-of-use asset of $1,851,193. There was no adjustment to net assets as a result of adopting this guidance.

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

Opportunity Village receives program 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. Opportunity Village 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 Opportunity Village's financial assets as of June 30, 2023 and 2022, 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	$ 875,622	$ 935,992
Accounts receivable, net of allowance	2,965,125	2,658,300
Unconditional promises to give	250,000	-
Financial assets available to meet cash needs for general expenditures within one year	$ 4,090,747	$ 3,594,292

To help manage unanticipated liquidity needs, Opportunity Village 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 12, Opportunity Village is required to meet certain covenants related to bonds payable.

3. INVESTMENTS AND FAIR VALUE

Investments consist of the following:

	As of June 30,	
	2023	2022
Equity mutual funds	$ -	$ 149,345
Fixed income funds	209,063	58,001
Total investments	$ 209,063	$ 207,346

Investment holdings at June 30, 2023 and 2022 were carried at fair value. 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.

3. INVESTMENTS AND FAIR VALUE (CONTINUED)

Investment balances at June 30, 2023 and 2022 were valued on a recurring basis using Level 1 inputs:

	Level 1	Level 2	Level 3	Total Fair Value
As of June 30, 2023				
Fixed income funds	$ 209,063	$ -	$ -	$ 209,063
Total investments	$ 209,063	$ -	$ -	$ 209,063

	Level 1	Level 2	Level 3	Total Fair Value
As of June 30, 2022				
Equity mutual funds	$ 149,345	$ -	$ -	$ 149,345
Fixed income funds	58,001	-	-	58,001
Total investments	$ 207,346	$ -	$ -	$ 207,346

4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

	As of June 30, 2023	As of June 30, 2022
Land lease (1)	$ 5,988,206	$ 6,063,372
Unconditional promises to give	250,000	-
	$ 6,238,206	$ 6,063,372
Receivable in less than one year	$ 325,166	$ 75,166
Receivable in one to five years	375,829	375,829
Receivable in more than five years	5,537,211	5,612,377
Total unconditional promises to give	6,238,206	6,063,372
Less: unamortized discount (2)	(3,910,540)	(3,980,650)
Net unconditional promises to give	2,327,666	2,082,722
Less: current portion	(325,166)	(75,166)
Net long-term unconditional promises to give	$ 2,002,500	$ 2,007,556

(1) This land lease, with a term of 89 years, is intended to be used for a residential housing project. For further details, see lease description in Note 9.

(2) Unconditional promises to give are recorded at the present value of the estimated fair value of the land parcels using a discount rate of 4.0%. Amounts are recorded as net assets with donor restrictions until released from restriction.

5. DOWN PAYMENT ASSISTANCE RECEIVABLE

Opportunity Village received grant funding during the year ended June 30, 2002 to offer a down payment assistance loan program for persons served to purchase a primary residence. Persons served could receive a loan of up to $25,000 for down payment assistance for a personal and primary residence. Under the grant agreement, the persons served must repay the loan upon the sale of the residence.

6. DEFERRED COMPENSATION

Opportunity Village has deferred compensation agreements with select employees. During the year ended June 30, 2023, four employees had individual deferred compensation agreements requiring Opportunity Village to make a total of $60,000 in employer contributions. Contributions will continue to be made each fiscal year during the continuance of employment. The employees are fully vested in all funds placed in the deferred compensation account, including all investment income and losses. The fully vested amount, including the accumulated investment income or losses, will be distributed to the employees (or beneficiaries) at the employees' departure, disability, or death based on the payout structure of the contract. During the year ended June 30, 2023, deferred compensation agreements continued to be held for two former employees, and those employees made withdrawals in accordance with the payout structure of their respective contracts.

7. PAYCHECK PROTECTION PROGRAM LOAN

On April 15, 2020, Opportunity Village 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 $5,583,900 (PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, had an initial term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal and accrued interest of the PPP Loan was subject to forgiveness under the Paycheck Protection Program upon Opportunity Village'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. 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.

In January 2022, Opportunity Village received forgiveness for a portion of the PPP Loan from the SBA totaling $4,838,421, inclusive of accrued interest of $88,039, recorded as grant revenue. The remaining principal balance of $833,518 is payable at $21,726 monthly over 39 months including interest at 1% per annum.

	As of June 30,	
	2023	2022
PPP loan	$ 473,632	$ 728,342
Less: current maturities	(257,147)	(254,598)
	$ 216,485	$ 473,744

Future maturities of the PPP loan payable are as follows:

Fiscal year ending June 30,	
2024	$ 257,147
2025	216,485
	$ 473,632

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	As of June 30, 2023	As of June 30, 2022
Subject to expenditure for a specific purpose:		
Pathway to Work program	$ 18,305	$ 18,305
Supported employment	12,693	-
Light of the World	-	53,785
Client database	-	19,446
Job Discovery Program	-	28,385
	30,998	119,921
Subject to the passage of time:		
Residential land lease	2,077,666	2,082,722
Lifetime learning park (Sean's Park)	1,044,446	1,177,779
Unconditional promises to give	250,000	-
Total net assets with donor restrictions	$ 3,403,110	$ 3,380,422

Net assets with donor restrictions were held as follows:

	As of June 30, 2023	As of June 30, 2022
Cash and cash equivalents	$ 30,998	$ 119,921
Unconditional promises to give	2,327,666	2,082,722
Property and equipment	1,044,446	1,177,779
Total net assets with donor restrictions	$ 3,403,110	$ 3,380,422

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:

	Years Ended June 30, 2023	Years Ended June 30, 2022
Satisfaction of purpose restrictions:		
Light of the World	53,785	-
Client database	19,446	-
Job Discovery Program	28,385	-
	101,616	-
Expiration of time restrictions:		
Residential land lease	5,056	4,888
Lifetime learning park (Sean's Park)	133,333	133,333
Total net assets released from donor restrictions	$ 240,005	$ 138,221

9. LEASES

Land Leases: In March 2014, Opportunity Village entered into an agreement with Clark County to lease two parcels of land to be used for the construction, operation, and maintenance of Betty's Village, a residential housing program. The term of the land lease is for 89 years with annual rental payments of $1,200 and will expire on February 28, 2103. The fair value of donated rent to be received under this lease has been estimated at $75,166 per year and has been recorded as an unconditional promise to give, net of present value discount on the books of Opportunity Village.

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. As the Foundation is the lessee under this agreement, the land pledge is not recognized by Opportunity Village, however the Oakey Campus is constructed on this land, and the buildings associated with the Oakey Campus are recorded as assets of 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. As the Foundation is the lessee under this agreement, the land pledge is not recognized by Opportunity Village, however the Engelstad Campus is constructed on this land, and the buildings associated with the Engelstad Campus are recorded as assets of Opportunity Village.

As discussed in Note 1, with the implementation of ASU 2016-02, *Leases* as of July 1, 2022, balances and disclosures related to operating and finance leases as of and for the year ended June 30, 2023 reflect the accounting guidance under ASC 842. Balances and disclosures related to operating and capital leases as of and for the year ended June 30, 2022 reflect the previous accounting guidance under ASC 840.

<u>ASC 842</u>

The Company has operating and finance leases for operating facilities and equipment. The leases expire at various dates through 2030. As of June 30, 2023, assets recorded under finance leases were $929,985 and accumulated amortization associated with finance leases was $562,025.

9. LEASES (CONTINUED)

Certain leases provide for increases in future minimum annual rental payments.

Total lease costs for the year ended June 30, 2023 are as follows:

Operating lease costs	$ 468,614
Short-term lease costs	300,672
Finance lease costs:	
Interest expense	12,866
Amortization of ROU assets	109,185
	$ 891,337

Weighted average remaining lease term:	
Operating leases	39 months
Finance leases	56 months

Weighted average discount rate:	
Operating leases	0.37%
Finance leases	3.34%

Future minimum lease payments required under operating and finance leases as of June 30, 2023 are as follows:

	Operating Leases	Finance Leases
2024	$ 472,048	$ 155,388
2025	438,120	95,988
2026	354,320	76,188
2027	156,979	71,094
2028	-	51,356
Thereafter	-	53,104
Total future minimum lease payments	1,421,467	503,118
Less amount representing imputed interest	(8,450)	(40,843)
	$ 1,413,017	$ 462,275

ASC 840

Capital leases: Opportunity Village leases assets under long-term agreements that are classified as capital leases. Amortization expense of $77,389 related to these assets is included in depreciation and amortization expense for the year ended June 30, 2022. Assets under capital lease obligations are as follows for the year ended June 30, 2022:

Office equipment	$ 93,375
Vehicles	624,203
	717,578
Less: accumulated amortization	(452,840)
	$ 264,738

Operating Leases: Opportunity Village leases assets and equipment under long-term agreements that are classified as operating leases. The expense incurred under these leases for the year ended June 30, 2022 was $834,078.

10. RETIREMENT PLAN

Opportunity Village has a 403(b) plan that covers all employees meeting certain eligibility requirements into which employees may make contributions on a pre-tax basis. The annual matching contribution is discretionary as determined by the Board of Directors. During the years ended June 30, 2023 and 2022, Opportunity Village matched 50% of employees' contributions to the plan, up to $2,000 per year. Employer matched contributions to the retirement plan for the years ended June 30, 2023 and 2022 were $191,925 and $143,319, respectively.

Opportunity Village provides services under several AbilityOne federal contracts, which are subject to the McNamara-O'Hara Service Contract Act of 1965 (Service Contract Act), as amended. The Service Contract Act requires that a contractor pay no less than applicable direct labor wages and provide certain fringe benefits in accordance with geographically specific Wage Determinations issued on no less than an annual basis by the Department of Labor. One of the Service Contract Act's fringe benefits is the provision of Health and Welfare funds. The Health and Welfare rate is paid per hour up to 40 hours in a week or 2,080 hours in a year. To comply with the fringe benefit requirement for Health and Welfare, an employer must calculate and track the Health and Welfare benefit due to each employee subject to the Act and discharge the obligation in one of two ways: 1) apply the funds to a bona fide benefits program for the employee or 2) pay the benefit in cash to the employee on their regular pay day. Health and Welfare funds paid to an employee in cash must be tracked and recorded separate from wages. Opportunity Village has elected to offer employees subject to the Service Contract Act the opportunity to participate in the bona fide health insurance benefit. Health and Welfare funds are applied to the employee's premium for participation in the health plan. In the event that the Health and Welfare funds exceed the premium due, the remainder is applied to a retirement account for the employee, also a bona fide benefit. In the event of a shortfall in the Health and Welfare funds and the premium due, the remainder is then requested from the employee. Employees may elect to waive the health insurance benefit. Should an employee waive health insurance benefits, 100% of the Health and Welfare funds due are applied to their retirement account. Employer contributions to the retirement plan in addition to the matched contributions stated above for the years ended June 30, 2023 and 2022 were $227,112 and $154,185, respectively.

11. IN-KIND CONTRIBUTIONS

Opportunity Village receives a variety of in-kind contributions. Revenues reported as thrift store and vehicle sales result from assets unconditionally donated and sold to the general public at Opportunity Village's thrift store outlet or via third-party broker, respectively. The recorded value of these assets is determined by the sale price. Thrift store sales are shown net of markdowns and vehicle sales are shown net of selling fees.

In-kind contributions from the Foundation (Note 13) consist of in-kind rent from the donated use of land. The land houses buildings used in various other programs and the revenue recorded is based on the estimated value of the land lease recorded by the Foundation, which is based on the estimated fair value of the land at inception of the lease.

12. COMMITMENTS AND CONTINGENCIES

Opportunity Village 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 Opportunity Village'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.

Revenue Bonds: 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 ARC 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%.

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, Opportunity Village, combined with the Foundation, 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.

13. RELATED PARTIES

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.

Opportunity Village recognized grants from the Foundation totaling $6,079,260 and $33,529,863 for the years ended June 30, 2023 and 2022, respectively. Included in these grant receipts 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 to the Foundation (2)	5,681,839	6,218,343
Building and improvements	-	27,078,640
Total grant income from the Foundation	$ 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 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 Board of Directors of each respective organization and may be forgiven by each organization as necessary.

Opportunity Village utilizes Morrissey Insurance as a broker for employee health and life insurance, where a Foundation board member is the owner. Commissions paid to Morrissey Insurance totaled $107,090 and $112,250 for the years ended June 30, 2023 and 2022, respectively.