

OPPORTUNITY VILLAGE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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

HRC

OPPORTUNITY VILLAGE, INC.

**TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

	Page
INDEPENDENT AUDITOR’S REPORT	1-2
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	3-4
Statements of Activities	5
Statement of Functional Expenses	6
Statements of Cash Flows	7-8
NOTES TO FINANCIAL STATEMENTS	9-21

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

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, 2025, 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, 2025, 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, 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 4, 2025

OPPORTUNITY VILLAGE, INC.**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,842,429	\$ 1,756,608
Cash and cash equivalents, restricted	93,679	108,009
Accounts receivable, net of allowance	2,895,409	3,388,421
Government support receivable	-	908,470
Unconditional promises to give	75,166	162,666
Inventory	195,577	236,255
Prepaid expenses and other	451,625	404,472
	<u>5,553,885</u>	<u>6,964,901</u>
Property and equipment:		
Land	1,321,898	1,321,898
Buildings and improvements	77,298,507	76,862,174
Furniture, fixtures and equipment	10,187,030	10,105,592
Vehicles	679,307	715,778
Accumulated depreciation	<u>(40,017,939)</u>	<u>(37,141,314)</u>
	49,468,803	51,864,128
Other noncurrent assets:		
Cash and cash equivalents, held for deferred compensation	58,438	124,037
Unconditional promises to give, net	1,991,864	1,997,272
Down payment assistance receivable	99,850	99,850
Deposits and other	48,446	178,656
Operating lease right-of-use assets	779,596	1,031,218
Finance lease right-of-use assets	412,156	557,245
Investments, held for deferred compensation	290,890	249,462
Land held for investment	350,000	350,000
	<u>4,031,240</u>	<u>4,587,740</u>
Total assets	<u><u>\$ 59,053,928</u></u>	<u><u>\$ 63,416,769</u></u>

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 570,414	\$ 776,093
Accrued expenses	2,126,108	2,017,247
Operating lease liabilities	436,804	502,364
Finance lease liabilities	109,777	125,444
Paycheck Protection Program loan	-	216,278
	<u>3,243,103</u>	<u>3,637,426</u>
Long-term liabilities:		
Deferred compensation	349,328	373,499
Operating lease liabilities, net of current	515,207	584,915
Finance lease liabilities, net of current	286,940	396,746
Deposits payable	50,450	49,200
	<u>1,201,925</u>	<u>1,404,360</u>
	4,445,028	5,041,786
Net assets:		
Without donor restriction	51,670,412	55,195,924
With donor restriction	2,938,488	3,179,059
	<u>54,608,900</u>	<u>58,374,983</u>
Total liabilities and net assets	<u>\$ 59,053,928</u>	<u>\$ 63,416,769</u>

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Net assets without donor restrictions		
Revenues, gains and support:		
Government support for services	\$ 8,589,337	\$ 9,075,735
Contributions	1,154,461	1,431,463
Federal grant revenue	330,125	1,305,492
Government revenue	27,547	73,798
Betty's Village rental income	919,508	886,197
Service contracts	7,376,629	7,025,619
Thrift store sales, net	1,347,248	1,475,293
General contract sales	6,032,269	7,700,797
Vehicle sales, net of selling fees	17,281	13,022
Rental income	103,650	91,425
Other	50,835	134,373
Gain on disposal of assets	21,942	919
Grants from Opportunity Village Foundation	7,688,320	7,864,702
Release of restrictions	240,571	401,255
Total revenues, gains and support	<u>33,899,723</u>	<u>37,480,090</u>
Expenses and losses:		
Program services:		
Service contracts	8,552,629	7,768,934
Thrift store	1,563,842	1,574,449
Work-training and adult development	19,165,565	20,026,503
Residential	2,323,811	2,743,866
Support services:		
Management and general	5,819,388	5,720,095
Total expenses and losses	<u>37,425,235</u>	<u>37,833,847</u>
Change in net assets without donor restrictions	(3,525,512)	(353,757)
Net assets with donor restrictions		
Contributions	-	177,204
Release of restrictions	(240,571)	(401,255)
Change in net assets with donor restrictions	(240,571)	(224,051)
Change in net assets	(3,766,083)	(577,808)
Net assets, beginning of year	58,374,983	58,952,791
Net assets, end of year	<u>\$ 54,608,900</u>	<u>\$ 58,374,983</u>

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2024)

	Program Services				Support Services			
			Work-training and Adult		Total Program Services	Management and General	Total 2025	Total 2024
	Service Contracts	Thrift Store	Development	Residential				
Salaries, taxes, and benefits	\$ 4,253,739	\$ 678,063	\$ 12,549,728	\$ 421,613	\$ 17,903,143	\$ 3,378,897	\$ 21,282,040	\$ 21,432,470
Payments to persons served	3,315,509	276,147	1,244,234	-	4,835,890	39,302	4,875,192	4,795,318
Depreciation and amortization	63,061	36,551	1,832,514	1,120,951	3,053,077	305,813	3,358,890	3,358,898
Subcontracts and consulting	253,639	5,751	55,289	290	314,969	688,144	1,003,113	1,185,522
Utilities and telephone	72,182	145,720	903,364	395,840	1,517,106	214,467	1,731,573	1,520,012
Supplies, training, and development	271,132	31,467	365,643	13,354	681,596	71,059	752,655	705,758
Rent	-	110,039	412,555	-	522,594	169,205	691,799	866,736
Repairs and maintenance	18,861	86,044	367,921	97,643	570,469	179,036	749,505	673,416
Contract services and freight	-	17,863	315,777	-	333,640	-	333,640	383,407
Transportation	187,437	114,044	598,473	6,544	906,498	32,372	938,870	731,794
Professional fees	-	-	47	180,959	181,006	89,010	270,016	222,077
Bank fees and interest	7,539	23,598	27,617	361	59,115	50,525	109,640	88,213
Insurance	68,664	31,245	201,244	77,662	378,815	46,586	425,401	448,496
Advertising	1,902	544	23,152	1,974	27,572	3,798	31,370	14,134
Recruitment	9,694	2,596	71,338	-	83,628	10,415	94,043	170,698
Conferences, travel, and meals	-	169	14,037	-	14,206	65,015	79,221	100,481
Credit losses	-	-	-	-	-	-	-	55,878
Dues and subscriptions	16,742	403	93,164	6,085	116,394	463,314	579,708	360,276
Uniforms	12,450	-	11,925	-	24,375	1,317	25,692	43,212
Grants to other organizations	-	-	-	-	-	-	-	574,000
Customer relations	75	787	13,422	363	14,647	6,639	21,286	33,399
Postage	3	2,811	64,121	172	67,107	4,474	71,581	69,652
Total expenses	\$ 8,552,629	\$ 1,563,842	\$ 19,165,565	\$ 2,323,811	\$ 31,605,847	\$ 5,819,388	\$ 37,425,235	\$ 37,833,847

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
Cash flow from operating activities:		
Change in net assets	\$ (3,766,083)	\$ (577,808)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of finance lease right-of-use assets	3,358,890	3,358,898
Amortization of operating lease right-of-use assets	387,539	505,755
Gain on disposal of assets	(21,942)	(919)
Forgiveness of debt from Opportunity Village Foundation	(7,174,113)	(7,526,780)
Credit losses	-	50,899
Change in present value discount	(69,758)	(69,937)
Changes in operating assets and liabilities:		
Accounts receivable	493,012	(474,195)
Government support receivable	908,470	(908,470)
Unconditional promises to give	162,666	237,665
Inventory	40,678	(9,895)
Prepaid expenses and other	(47,153)	(45,275)
Deposits and other	130,210	(129,618)
Accounts payable	(205,679)	(194,073)
Accrued expenses	108,861	380,922
Due to Opportunity Village Foundation	7,174,113	7,526,780
Deferred compensation	(65,599)	48,259
Operating lease liabilities	(271,185)	(467,175)
Deposits payable	1,250	(1,610)
Net cash provided by operating activities	1,144,177	1,703,423

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
Cash flows from investing activities:		
Purchase of property and equipment	(796,534)	(234,743)
Net cash used in investing activities	<u>(796,534)</u>	<u>(234,743)</u>
Cash flows from financing activities:		
Payments on finance leases	(125,473)	(174,072)
Repayment of Paycheck Protection Program loan	(216,278)	(257,354)
Net cash used in financing activities	<u>(341,751)</u>	<u>(431,426)</u>
Net change in cash	5,892	1,037,254
Cash and equivalents, beginning of year	1,988,654	951,400
Cash and equivalents, end of year	<u>\$ 1,994,546</u>	<u>\$ 1,988,654</u>
Summary of cash accounts:		
Cash and cash equivalents	\$ 1,842,429	\$ 1,756,608
Cash and cash equivalents, restricted	93,679	108,009
Cash and cash equivalents, held for deferred compensation	58,438	124,037
	<u>\$ 1,994,546</u>	<u>\$ 1,988,654</u>
Supplemental disclosures:		
ROU assets obtained from operating lease liabilities	\$ 135,917	\$ 141,437
ROU assets obtained from finance lease liabilities	<u>\$ -</u>	<u>\$ 233,987</u>
Cash paid for interest	<u>\$ 18,486</u>	<u>\$ 19,184</u>

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Opportunity Village, Inc. (Opportunity Village) 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 contributions, grants, and funding from the State of Nevada 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. 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.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

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 and recognizes an expected allowance for credit losses. The allowance estimate is derived from a review of Opportunity Village's historical losses based on the aging of receivables. As of June 30, 2025 and 2024, the allowance for credit losses was \$9,719 and \$75,471, respectively, and the beginning balances of accounts receivable, net of allowance, were \$3,388,421 and \$2,965,125, respectively. As of June 30, 2025 and 2024, 40% and 45% of the balance was due from one customer.

Opportunity Village has elected the practical expedient for measuring expected credit losses on accounts receivables. Under this practical expedient, Opportunity Village assumes that the economic conditions existing at the statement of financial position date will remain unchanged for the expected life of these assets.

Management has also elected the accounting policy option to consider subsequent cash collections occurring between the statement of financial position date and the date the financial statements are available for issuance when estimating expected credit losses.

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, 2025 and 2024.

Property and Equipment

Opportunity Village capitalizes all expenditures for property and equipment in excess of \$5,000 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.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2024, from which the summarized information was derived. Additionally, certain reclassifications have been made to the 2024 financial statements to conform to the 2025 presentation.

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 in the statement of financial position. Finance leases are included in finance lease ROU assets and finance lease liabilities in the statements of financial position.

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, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2025 and 2024, costs allocated to the Foundation under this agreement were \$2,207,867 and \$2,123,859, 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.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

New Accounting Pronouncement

On July 30, 2025, the FASB issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. These amendments provide (1) all entities with a practical expedient and (2) entities other than public business entities (PBEs), with an accounting policy election when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under FASB Accounting Standards Codification 606, *Revenue from Contracts with Customers*, as follows:

- 1) In developing reasonable and supportable forecasts as part of estimating expected credit losses, all entities may elect a practical expedient that assumes that current conditions as of the statement of financial position date do not change for the remaining life of the asset.
- 2) An entity other than a PBE that elects the practical expedient is permitted to make an accounting policy election to consider collection activity after the statement of financial position date when estimating expected credit losses.

The amendments are effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted and the ASU should be applied prospectively. Opportunity Village has elected to adopt the amendment for the year ended June 30, 2025 inclusive of both the practical expedient and the policy election.

Subsequent Events

Subsequent events have been evaluated through November 4, 2025 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.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

2. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The following table reflects Opportunity Village's financial assets as of June 30, 2025 and 2024, 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,	
	2025	2024
Cash and cash equivalents	\$ 1,936,108	\$ 1,864,617
Accounts receivable, net of allowance	2,895,409	3,388,421
Unconditional promises to give	-	87,500
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,831,517</u>	<u>\$ 5,340,538</u>

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,	
	2025	2024
Stock funds	\$ 252,953	\$ 207,564
Bond funds	37,937	41,898
Total investments	<u>\$ 290,890</u>	<u>\$ 249,462</u>

Investment holdings at June 30, 2025 and 2024 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.

Investment balances at June 30, 2025 and 2024 were valued on a recurring basis using Level 1 inputs:

	As of June 30,			Total Fair Value
	Level 1	Level 2	Level 3	
As of June 30, 2025				
Stock funds	\$ 252,953	\$ -	\$ -	\$ 252,953
Bond funds	37,937	-	-	37,937
Total investments	<u>\$ 290,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290,890</u>
As of June 30, 2024				
Stock funds	\$ 207,564	\$ -	\$ -	\$ 207,564
Bond funds	41,898	-	-	41,898
Total investments	<u>\$ 249,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249,462</u>

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

4. 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.

5. DEFERRED COMPENSATION

Opportunity Village has deferred compensation agreements with select employees. During the year ended June 30, 2025, four employees had individual deferred compensation agreements requiring Opportunity Village to make a total of \$74,000 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.

6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

	As of June 30,	
	2025	2024
Land lease (1)	\$ 5,837,875	\$ 5,913,041
Unconditional promises to give	-	87,500
	<u>\$ 5,837,875</u>	<u>\$ 6,000,541</u>
Receivable in less than one year	\$ 75,166	\$ 162,666
Receivable in one to five years	375,829	375,829
Receivable in more than five years	5,386,880	5,462,046
Total unconditional promises to give	<u>5,837,875</u>	<u>6,000,541</u>
Less: unamortized discount (2)	<u>(3,770,845)</u>	<u>(3,840,603)</u>
Net unconditional promises to give	<u>2,067,030</u>	<u>2,159,938</u>
Less: current portion	<u>(75,166)</u>	<u>(162,666)</u>
Net long-term unconditional promises to give	<u>\$ 1,991,864</u>	<u>\$ 1,997,272</u>

(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.

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.

OPPORTUNITY VILLAGE, INC.**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024****7. PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)**

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, which was recorded as grant revenue. The remaining principal balance of \$833,518 was payable at \$21,726 monthly over 39 months including interest at 1% per annum. During the year ended June 30, 2025, Opportunity Village paid the balance of the loan in full.

	As of June 30,	
	2025	2024
PPP loan	\$ -	\$ 216,278
Less: current maturities	-	(216,278)
	<u>\$ -</u>	<u>\$ -</u>

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	As of June 30,	
	2025	2024
Subject to expenditure for a specific purpose:		
Pathway to Work program	\$ 9,572	\$ 18,305
Vehicle trackers	-	2,204
New entry program	84,107	175,000
	<u>93,679</u>	<u>195,509</u>
Subject to the passage of time:		
Residential land lease	2,067,030	2,072,438
Lifetime learning park (Sean's Park)	777,779	911,112
Total net assets with donor restrictions	<u>\$ 2,938,488</u>	<u>\$ 3,179,059</u>

Net assets with donor restrictions were held as follows:

	As of June 30,	
	2025	2024
Cash and cash equivalents	\$ 93,679	\$ 108,009
Unconditional promises to give	2,067,030	2,159,938
Property and equipment	777,779	911,112
Total net assets with donor restrictions	<u>\$ 2,938,488</u>	<u>\$ 3,179,059</u>

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

8. 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:

	Years Ended June 30,	
	2025	2024
Satisfaction of purpose restrictions:		
Supported employment	\$ -	\$ 12,693
New entry program	90,893	-
Pathway to work program	8,733	-
Vehicle trackers	2,204	-
	<u>101,830</u>	<u>12,693</u>
Expiration of time restrictions:		
Residential land lease	5,408	5,228
Lifetime learning park (Sean's Park)	133,333	133,334
Unconditional promises to give	-	250,000
Total net assets released from donor restrictions	<u>\$ 240,571</u>	<u>\$ 401,255</u>

9. LEASES

Land Leases: In March 2014, Opportunity Village entered into an agreement with Clark County to lease two parcels of land 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 Smith Family Campus (formerly 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 Smith Family Campus is constructed on this land, and the buildings associated with the Smith Family 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 \$63,998 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.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

9. LEASES (CONTINUED)

Operating and Finance Leases: Opportunity Village has operating and finance leases for operating facilities and equipment. The leases expire at various dates through 2030. As of June 30, 2025 and 2024, assets recorded under finance leases were \$655,681 and \$1,163,972, respectively and accumulated amortization associated with finance leases was \$243,525 and \$606,727, respectively.

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

Total lease costs are as follows:

	Years Ended June 30,	
	2025	2024
Operating lease costs	\$ 399,079	\$ 510,629
Short-term lease costs	292,719	356,096
Finance lease costs:		
Interest expense	17,399	15,915
Amortization of ROU assets	123,097	44,701
	<u>\$ 832,294</u>	<u>\$ 927,341</u>

Weighted average remaining lease term:

Operating leases	35 months
Finance leases	45 months

Weighted average discount rate:

Operating leases	3.23%
Finance leases	3.90%

Future minimum lease payments required under operating and finance leases as of June 30, 2025 are as follows:

	Operating Leases	Finance Leases
2026	\$ 436,804	\$ 123,431
2027	274,190	118,337
2028	141,897	98,598
2029	98,293	69,119
2030	51,571	18,233
Total future minimum lease payments	1,022,755	427,718
Less amount representing imputed interest	(50,744)	(31,001)
	<u>\$ 952,011</u>	<u>\$ 396,717</u>

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, 2025 and 2024, 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, 2025 and 2024 were \$179,370 and \$183,140, respectively.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

10. RETIREMENT PLAN (CONTINUED)

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, 2025 and 2024 were \$273,199 and \$233,540, 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, 2027. No amount was drawn on this credit line as of June 30, 2025 and 2024.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2025 AND 2024

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 Smith Family 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 2025 was 3.26%.

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 2027. The subsequent letter of credit of \$10,128,219 consists of \$10,000,000 principal plus \$128,219, 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 2.00 to 1.00 or a debt service coverage ratio of at least 1.25 to 1.00 at June 30 of each year. As of June 30, 2025, the Foundation, combined with Opportunity Village, was in compliance with these requirements. As of June 30, 2024, these compliance requirements were waived by the bank holding the related letter of credit.

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 \$8,000,000 and \$7,100,000 for the years ended June 30, 2025 and 2024, respectively, to Opportunity Village to cover operating shortfalls.

Opportunity Village recognized grants from the Foundation totaling \$7,688,320 and \$7,864,702 for the years ended June 30, 2025 and 2024, respectively. Included in these grant receipts are the following items:

	For the year ended June 30,	
	2025	2024
Scholarships	\$ 277,915	\$ 75,693
Donations and interest income related to programs	152,253	178,190
In-kind rent (1)	84,039	84,039
Forgiveness of debt due to the Foundation (2)	7,174,113	7,526,780
Total grant income from the Foundation	<u>\$ 7,688,320</u>	<u>\$ 7,864,702</u>

OPPORTUNITY VILLAGE, INC.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

13. RELATED PARTIES (CONTINUED)

- (1) The Foundation has been granted by Clark County the right to use the land on which the Smith Family 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 Smith Family 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, 2025 and 2024, 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 \$107,741 and \$116,532 for the years ended June 30, 2025 and 2024, respectively.