

OPPORTUNITY VILLAGE, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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, 2024 AND 2023**

	Page
INDEPENDENT AUDITOR’S REPORT	1-3
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	4-5
Statements of Activities	6
Statement of Functional Expenses	7
Statements of Cash Flows.....	8-9
NOTES TO FINANCIAL STATEMENTS	10-22
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	23-24
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	25-27
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	28
NOTES TO SCHEDULE OF EXENDITURES OF FEDERAL AWARDS.....	29
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	30-31

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, 2024, 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, 2024, 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

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 and *Government 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 and *Government 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Opportunity Village’s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2024 on our consideration of Opportunity Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Opportunity Village's internal control over financial reporting and compliance.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
November 12, 2024

OPPORTUNITY VILLAGE, INC.**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,756,608	\$ 844,624
Cash and cash equivalents, restricted	108,009	30,998
Accounts receivable, net of allowance	3,388,421	2,965,125
Government support receivable	908,470	-
Unconditional promises to give	162,666	325,166
Inventory	236,255	226,360
Prepaid expenses and other	404,472	359,197
	<u>6,964,901</u>	<u>4,751,470</u>
Property and equipment:		
Land	1,321,898	1,321,898
Buildings and improvements	76,862,174	76,832,194
Furniture, fixtures and equipment	10,105,592	9,913,450
Vehicles	715,778	715,779
Accumulated depreciation	<u>(37,141,314)</u>	<u>(33,840,658)</u>
	51,864,128	54,942,663
Other noncurrent assets:		
Cash and cash equivalents, held for deferred compensation	124,037	75,778
Unconditional promises to give, net	1,997,272	2,002,500
Down payment assistance receivable	99,850	99,850
Deposits and other	178,656	49,038
Operating lease right-of-use assets	1,031,218	1,395,536
Finance lease right-of-use assets	557,245	367,959
Investments, held for deferred compensation	249,462	209,063
Land held for investment	350,000	350,000
	<u>4,587,740</u>	<u>4,549,724</u>
Total assets	<u><u>\$ 63,416,769</u></u>	<u><u>\$ 64,243,857</u></u>

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 776,093	\$ 970,166
Accrued expenses	2,017,247	1,636,325
Operating lease liabilities	502,364	472,048
Finance lease liabilities	125,444	141,782
Paycheck Protection Program loan	216,278	257,147
	<u>3,637,426</u>	<u>3,477,468</u>
Long-term liabilities:		
Deferred compensation	373,499	284,841
Operating lease liabilities, net of current	584,915	940,969
Finance lease liabilities, net of current	396,746	320,493
Deposits payable	49,200	50,810
Paycheck Protection Program loan, net of current	-	216,485
	<u>1,404,360</u>	<u>1,813,598</u>
	5,041,786	5,291,066
Net assets:		
Without donor restriction	55,195,924	55,549,681
With donor restriction	3,179,059	3,403,110
	<u>58,374,983</u>	<u>58,952,791</u>
Total liabilities and net assets	<u>\$ 63,416,769</u>	<u>\$ 64,243,857</u>

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions		
Revenues, gains and support:		
Government support for services	\$ 9,075,735	\$ 7,013,270
Contributions	1,431,463	1,419,153
Federal grant revenue	1,305,492	-
Government revenue	73,798	799,175
Betty's Village rental income	886,197	875,023
Service contracts	7,025,619	6,602,277
Thrift store sales, net	1,475,293	1,362,949
General contract sales	7,700,797	6,691,862
Vehicle sales, net of selling fees	13,022	48,523
Rental income	91,425	75,675
Other	134,373	87,731
Gain on disposal of assets	919	-
Grants from Opportunity Village Foundation	7,864,702	6,079,260
Release of restrictions	401,255	240,005
Total revenues, gains and support	<u>37,480,090</u>	<u>31,294,903</u>
Expenses and losses:		
Program services:		
Service contracts	7,768,934	7,174,348
Thrift store	1,574,449	1,692,733
Work-training and adult development	20,026,503	18,150,669
Residential	2,743,866	2,120,511
Support services:		
Management and general	5,720,095	4,646,767
Total expenses and losses	<u>37,833,847</u>	<u>33,785,028</u>
Change in net assets without donor restrictions	(353,757)	(2,490,125)
Net assets with donor restrictions		
Contributions	177,204	262,693
Release of restrictions	(401,255)	(240,005)
Change in net assets with donor restrictions	<u>(224,051)</u>	<u>22,688</u>
Change in net assets	(577,808)	(2,467,437)
Net assets, beginning of year	58,952,791	61,420,228
Net assets, end of year	<u>\$ 58,374,983</u>	<u>\$ 58,952,791</u>

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Program Services				Total Program Services	Support Services	Total 2024	Total 2023
	Work-training and Adult					Management and General		
	Service Contracts	Thrift Store	Development	Residential				
Salaries, taxes, and benefits	\$ 3,691,995	\$ 660,668	\$ 13,061,831	\$ 256,364	\$ 17,670,858	\$ 3,761,612	\$ 21,432,470	\$ 18,595,895
Payments to persons served	3,029,514	268,294	1,460,690	-	4,758,498	36,820	4,795,318	4,308,766
Depreciation and amortization	34,293	28,706	1,862,986	1,127,288	3,053,273	305,625	3,358,898	3,412,420
Subcontracts and consulting	356,283	3,700	351,515	20,569	732,067	453,455	1,185,522	1,128,688
Utilities and telephone	77,338	126,637	731,408	406,596	1,341,979	178,033	1,520,012	1,946,126
Supplies, training, and development	228,967	30,560	364,472	12,894	636,893	68,865	705,758	649,219
Rent	-	205,500	492,020	11	697,531	169,205	866,736	769,286
Repairs and maintenance	25,418	88,485	364,619	101,253	579,775	93,641	673,416	682,531
Contract services and freight	-	11,872	371,535	-	383,407	-	383,407	367,212
Transportation	165,356	74,483	464,787	972	705,598	26,196	731,794	598,172
Professional fees	-	-	204	154,486	154,690	67,387	222,077	267,295
Bank fees and interest	2,306	28,509	29,241	234	60,290	27,923	88,213	55,977
Insurance	79,061	36,688	207,109	73,944	396,802	51,694	448,496	353,507
Advertising	1,719	407	7,086	1,515	10,727	3,407	14,134	8,067
Recruitment	40,245	5,054	106,286	-	151,585	19,113	170,698	102,900
Conferences, travel, and meals	103	-	13,831	-	13,934	86,547	100,481	59,203
Bad debt	-	-	4,978	-	4,978	50,900	55,878	3,689
Dues and subscriptions	11,924	382	26,587	12,176	51,069	309,207	360,276	353,842
Uniforms	24,367	-	16,626	-	40,993	2,219	43,212	48,580
Grants to other organizations	-	-	-	574,000	574,000	-	574,000	-
Customer relations	-	-	28,486	1,265	29,751	3,648	33,399	12,938
Postage	45	4,504	60,206	299	65,054	4,598	69,652	60,715
Total expenses	\$ 7,768,934	\$ 1,574,449	\$ 20,026,503	\$ 2,743,866	\$ 32,113,752	\$ 5,720,095	\$ 37,833,847	\$ 33,785,028

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
Cash flow from operating activities:		
Change in net assets	\$ (577,808)	\$ (2,467,437)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of finance lease right-of-use assets	3,358,898	3,412,420
Amortization of operating lease right-of-use assets	505,755	462,524
Gain on disposal of assets	(919)	-
Forgiveness of debt from Opportunity Village Foundation	(7,526,780)	(5,681,839)
Change in allowance for credit losses	50,899	2,585
Change in present value discount	(69,937)	(70,110)
Changes in operating assets and liabilities:		
Accounts receivable	(474,195)	(309,410)
Government support receivable	(908,470)	-
Unconditional promises to give	237,665	(174,834)
Inventory	(9,895)	(10,018)
Prepaid expenses and other	(45,275)	(73,993)
Deposits and other	(129,618)	(4,291)
Accounts payable	(194,073)	490,275
Accrued expenses	380,922	97,940
Due to Opportunity Village Foundation	7,526,780	5,681,839
Deferred revenue	-	(12,557)
Deferred compensation	48,259	(4,538)
Operating lease liabilities	(467,175)	(445,043)
Deposits payable	(1,610)	2,060
Net cash provided by operating activities	1,703,423	895,573

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
Cash flows from investing activities:		
Purchase of property and equipment	(234,743)	(581,467)
Net cash used in investing activities	<u>(234,743)</u>	<u>(581,467)</u>
Cash flows from financing activities:		
Payments on finance leases	(174,072)	(124,303)
Repayment of Paycheck Protection Program loan	(257,354)	(254,710)
Net cash used in financing activities	<u>(431,426)</u>	<u>(379,013)</u>
Net change in cash	1,037,254	(64,907)
Cash and equivalents, beginning of year	951,400	1,016,307
Cash and equivalents, end of year	<u>\$ 1,988,654</u>	<u>\$ 951,400</u>
Summary of cash accounts:		
Cash and cash equivalents	\$ 1,756,608	\$ 844,624
Cash and cash equivalents, restricted	108,009	30,998
Cash and cash equivalents, held for deferred compensation	124,037	75,778
	<u>\$ 1,988,654</u>	<u>\$ 951,400</u>
Supplemental disclosures:		
ROU assets obtained from operating lease liabilities	\$ 141,437	\$ 1,858,060
ROU assets obtained from finance lease liabilities	<u>\$ 233,987</u>	<u>\$ 212,405</u>
Cash paid for interest	<u>\$ 19,184</u>	<u>\$ 18,872</u>

See accompanying notes to financial statements

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2024 AND 2023

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 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.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2024 and 2023, the allowance for credit losses was \$75,471 and \$24,572, respectively. As of June 30, 2024 and 2023, 45% and 30% 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, 2024 and 2023.

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.

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, 2023, from which the summarized information was derived. Additionally, certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2024 and 2023, costs allocated to the Foundation under this agreement were \$2,123,859 and \$2,310,677, 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.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncement

In June 2016, the FASB issued guidance FASB ASC Topic 326, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASU 2016-13) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by Opportunity Village that are subject to the guidance in FASB ASC 326 were accounts receivable. Opportunity Village adopted this standard effective July 1, 2023. There was no material impact to Opportunity Village's financial statements as a result of adoption.

Subsequent Events

Subsequent events have been evaluated through November 12, 2024 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, 2024 and 2023, 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,	
	2024	2023
Cash and cash equivalents	\$ 1,864,617	\$ 875,622
Accounts receivable, net of allowance	3,388,421	2,965,125
Unconditional promises to give	87,500	250,000
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,340,538</u>	<u>\$ 4,090,747</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.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2024 AND 2023

3. INVESTMENTS AND FAIR VALUE

Investments consist of the following:

	As of June 30,	
	2024	2023
Fixed income funds	\$ -	\$ 209,063
Stock funds	207,564	-
Bond funds	41,898	-
Total investments	<u>\$ 249,462</u>	<u>\$ 209,063</u>

Investment holdings at June 30, 2024 and 2023 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, 2024 and 2023 were valued on a recurring basis using Level 1 inputs:

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

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, 2024, 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.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2024 AND 2023

6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

	As of June 30,	
	2024	2023
Land lease (1)	\$ 5,913,041	\$ 5,988,206
Unconditional promises to give	87,500	250,000
	<u>\$ 6,000,541</u>	<u>\$ 6,238,206</u>
Receivable in less than one year	\$ 162,666	\$ 325,166
Receivable in one to five years	375,829	375,829
Receivable in more than five years	5,462,046	5,537,211
Total unconditional promises to give	6,000,541	6,238,206
Less: unamortized discount (2)	(3,840,603)	(3,910,540)
Net unconditional promises to give	2,159,938	2,327,666
Less: current portion	(162,666)	(325,166)
Net long-term unconditional promises to give	<u>\$ 1,997,272</u>	<u>\$ 2,002,500</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. 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.

OPPORTUNITY VILLAGE, INC.**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023****7. PAYCHECK PROTECTION PROGRAM LOAN**

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 is payable at \$21,726 monthly over 39 months including interest at 1% per annum.

	As of June 30,	
	2024	2023
PPP loan	\$ 216,278	\$ 473,632
Less: current maturities	(216,278)	(257,147)
	<u>\$ -</u>	<u>\$ 216,485</u>

Future maturities of the PPP loan payable are as follows:

Fiscal year ending June 30, 2025	<u>\$ 216,278</u>
----------------------------------	-------------------

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	As of June 30,	
	2024	2023
Subject to expenditure for a specific purpose:		
Pathway to Work program	\$ 18,305	\$ 18,305
Supported employment	-	12,693
Vehicle trackers	2,204	-
New entry program	175,000	-
	<u>195,509</u>	<u>30,998</u>
Subject to the passage of time:		
Residential land lease	2,072,438	2,077,666
Lifetime learning park (Sean's Park)	911,112	1,044,446
Unconditional promises to give	-	250,000
Total net assets with donor restrictions	<u>\$ 3,179,059</u>	<u>\$ 3,403,110</u>

Net assets with donor restrictions were held as follows:

	As of June 30,	
	2024	2023
Cash and cash equivalents	\$ 108,009	\$ 30,998
Unconditional promises to give	2,159,938	2,327,666
Property and equipment	911,112	1,044,446
Total net assets with donor restrictions	<u>\$ 3,179,059</u>	<u>\$ 3,403,110</u>

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2024 AND 2023

8. NET ASSETS WITH DONOR RESTRICTIONS

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,	
	2024	2023
Satisfaction of purpose restrictions:		
Light of the World	\$ -	\$ 53,785
Client database	-	19,446
Job Discovery Program	-	28,385
Supported employment	12,693	-
	<u>12,693</u>	<u>101,616</u>
Expiration of time restrictions:		
Residential land lease	5,228	5,056
Lifetime learning park (Sean's Park)	133,334	133,333
Unconditional promises to give	250,000	-
Total net assets released from donor restrictions	<u>\$ 401,255</u>	<u>\$ 240,005</u>

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.

OPPORTUNITY VILLAGE, INC.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

9. LEASES

Operating and Finance Leases: The Company has operating and finance leases for operating facilities and equipment. The leases expire at various dates through 2030. As of June 30, 2024 and 2023, assets recorded under finance leases were \$1,163,972 and \$929,985, respectively and accumulated amortization associated with finance leases was \$606,727 and \$562,025, respectively.

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

Total lease costs are as follows:

	<u>Years Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Operating lease costs	\$ 510,629	\$ 468,614
Short-term lease costs	356,096	300,672
Finance lease costs:		
Interest expense	15,915	12,866
Amortization of ROU assets	44,701	109,185
	<u>\$ 927,341</u>	<u>\$ 891,337</u>

Weighted average remaining lease term:

Operating leases	49 months
Finance leases	54 months

Weighted average discount rate:

Operating leases	0.37%
Finance leases	3.82%

Future minimum lease payments required under operating and finance leases as of June 30, 2024 are as follows:

	<u>Operating Leases</u>	<u>Finance Leases</u>
2025	\$ 502,364	\$ 143,231
2026	421,134	123,431
2027	170,118	118,337
2028	-	98,598
2029	-	69,119
Thereafter	-	18,233
Total future minimum lease payments	1,093,616	570,949
Less amount representing imputed interest	(6,337)	(48,759)
	<u>\$ 1,087,279</u>	<u>\$ 522,190</u>

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2024 AND 2023

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, 2024 and 2023, 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, 2024 and 2023 were \$183,140 and \$191,925, 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, 2024 and 2023 were \$233,540 and \$227,112, 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.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2024 AND 2023

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, 2025. No amount was drawn on this credit line as of June 30, 2024 and 2023.

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 2024 was 3.84%.

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 2025. The subsequent letter of credit of \$10,634,630 consists of \$10,500,000 principal plus \$134,630, 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, 2024 and 2023, these compliance requirements were waived by the bank holding the related letter of credit. No amount was drawn on this letter of credit as of June 30, 2024 and 2023.

OPPORTUNITY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2024 AND 2023

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 \$7,100,000 and \$6,000,000 for the years ended June 30, 2024 and 2023, respectively, to Opportunity Village to cover operating shortfalls.

Opportunity Village recognized grants from the Foundation totaling \$337,922 and \$6,079,260 for the years ended June 30, 2024 and 2023, respectively. Included in these grant receipts are the following items:

	For the year ended June 30,	
	2024	2023
Scholarships	\$ 75,693	\$ 47,244
Donations and interest income related to programs	178,190	266,138
In-kind rent (1)	84,039	84,039
Forgiveness of debt due to the Foundation (2)	7,526,780	5,681,839
Total grant income from the Foundation	<u>\$ 7,864,702</u>	<u>\$ 6,079,260</u>

- (1) The Foundation has been granted by Clark County the right to use the land on which the Oakey Campus and Engelstad Campus were constructed. The land leases are recorded as unconditional promises to give by the Foundation. For additional information, see Note 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, 2024 and 2023, 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 \$116,532 and \$107,090 for the years ended June 30, 2024 and 2023, respectively.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Opportunity Village, Inc. (Opportunity Village) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Opportunity Village’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Opportunity Village’s internal control. Accordingly, we do not express an opinion on the effectiveness of Opportunity Village’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Opportunity Village’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Management Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Opportunity Village's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Opportunity Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Opportunity Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Opportunity Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Howdsworth, Russo & Company, P.C.

Las Vegas, Nevada
November 12, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Opportunity Village, Inc.’s (Opportunity Village) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Opportunity Village’s major federal programs for the year ended June 30, 2024. Opportunity Village’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Opportunity Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Opportunity Village and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Opportunity Village’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Opportunity Village’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Opportunity Village’s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Opportunity Village's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Opportunity Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Opportunity Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Opportunity Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
November 12, 2024

OPPORTUNITY VILLAGE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

<u>Grantor and Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Identifying Number</u>	<u>Total Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>United States Department of Labor</u>				
Community Project Funding/Congressionally Directed Spending	17.289		\$ 366,624	\$ -
Total United States Department of Labor			366,624	-
<u>United States Department of the Treasury</u>				
<i>Passed through the City of Las Vegas, Nevada:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		574,000	574,000
<i>Passed through the City of North Las Vegas, Nevada:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	274127	252,897	-
Total United States Department of the Treasury			826,897	574,000
<u>United States Corporation for National and Community Service</u>				
<i>Passed through Nevada Volunteers:</i>				
AmeriCorps State and National	94.006	22AFINV0010008	114,721	-
Total United States Corporation for National and Community Service			114,721	-
Total federal expenditures			<u>\$ 1,308,242</u>	<u>\$ 574,000</u>

See accompanying notes to schedule of expenditures of federal awards

OPPORTUNITY VILLAGE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal award activity of Opportunity Village, Inc. under programs of the federal government for the year ended June 30, 2024. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule only presents a select portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, functional expenses, or cash flows of the Opportunity Village, Inc.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATES

Opportunity Village, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OPPORTUNITY VILLAGE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of Opportunity Village, Inc.
2. No instances of material weaknesses and one instance of significant deficiency related to the audit of the financial statements required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of Opportunity Village, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

Federal Awards

4. No material weaknesses or significant deficiencies related to the audit of major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for Opportunity Village, Inc. expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with 2 CFR 200.516 (a).
7. The program tested as a major program was the U.S. Department of Treasury, Assistance Listing Number 21.027, Coronavirus State and Local Fiscal Recovery Funds.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. Opportunity Village, Inc. does not qualify as a low-risk auditee.

FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT

2024-001 Entity Identification

Criteria: Although Opportunity Village, Inc. and Opportunity Village Foundation are related parties with shared staff and members of management, the organizations are legally distinct entities. With this, there is an expectation that any contracts or agreements executed will be correctly identified with and carried by the entity for which the contract/agreement creates associated assets and/or liabilities.

Condition: During our audit, we noted that certain contracts and agreements entered into by Opportunity Village, Inc. or Opportunity Village Foundation were accounted for as the contract/agreement of and included in the records of the incorrect entity.

OPPORTUNITY VILLAGE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Cause: Internal controls over proper entity identification when executing agreements and contracts were not well-designed and/or operating effectively.

Effect: As a result, balances related to a finance lease were recorded as those of Opportunity Village Foundation, although Opportunity Village, Inc. executed the contract and, therefore, is entitled to any related rights/obligated to meet any related liabilities.

Recommendation: We recommend management develop a system of internal controls that ensures consideration is given to the entity identified in any contracts/agreements before execution and that specific identifiers such as legal name, entity identification number (EIN), and in the case of Federal grant applications, unique entity identifier (UEI) are used to distinguish the organization entering into the agreement.

Views of Responsible Officials and Planned Corrective Actions: On November 6, 2024, the organization implemented an update to the Contract Routing Form (CRF) and the associated Standard Operating Procedures (SOPs) to strengthen contract compliance and oversight. The CRF now includes an entity validation check, a crucial addition designed to confirm that the contracting parties are properly represented and aligned with the organization's authority structure.

Furthermore, the SOPs were revised to mandate a thorough review by the designated team before final contract approval. This review specifically verifies that the entity listed in each contract is consistent with the organization's structural hierarchy and authorized signatory requirements. By integrating this validation step, the process ensures that any discrepancies in organizational alignment are identified and resolved prior to execution. This enhancement serves as an essential safeguard for compliance and accountability, promoting a higher standard of diligence and accuracy in contract management.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

None.