Texarkana Special Education Center, Inc., d/b/a Opportunities, Inc.

Independent Auditor’s Reports and Consolidated Financial Statements

June 30, 2024

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Independent Auditor's Report

Board of Directors
Texarkana Special Education Center, Inc., d/b/a Opportunities, Inc.
Texarkana, Texas

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Texarkana Special Education Center, Inc., d/b/a Opportunities, Inc. (Center), which comprise the consolidated statement of financial position as of June 30, 2024 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Center 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Center, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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 consolidated financial statements as a whole. The consolidating schedule – statement of financial position and consolidating schedule – statement of activities listed in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

The schedule of units of service has not been subjected to the auditing procedures applied by us in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of the Center'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 solely 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 the effectiveness of the Center's 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 the Center's internal control over financial reporting and compliance.

Forvis Mazars, LLP

Little Rock, Arkansas
October 31, 2024

Texarkana Special Education Center, Inc., d/b/a Opportunities, Inc.
Consolidated Statement of Financial Position
June 30, 2024

ASSETS	
Current Assets	
Cash	$ 1,664,276
Accounts receivable, net	139,162
Prepaid expenses	19,245
Total Current Assets	1,822,683
Restricted Cash	517,094
Beneficial Interest in Trust	2,908,567
Property and Equipment, Net	6,688,107
Total Assets	$ 11,936,451
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts payable	$ 92,698
Assets held for others	52,655
Accrued salaries	125,771
Notes payable – current portion	195,822
Mortgages payable – current portion	24,869
Accrued interest payable	558
Total Current Liabilities	492,373
Other Liabilities	
Mortgages payable – net of current maturities	24,897
	24,897
Total Liabilities	517,270
Net Assets	
Without donor restrictions	8,233,914
With donor restrictions	3,185,267
Total Net Assets	11,419,181
Total Liabilities and Net Assets	$ 11,936,451

Texarkana Special Education Center, Inc., d/b/a Opportunities, Inc.
Consolidated Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Awards and grants	$ 286,632	$ 177,460	$ 464,092
Medicaid revenues	3,504,431	-	3,504,431
Contracted services	61,007	-	61,007
Public support	538,367	-	538,367
Resident rent	671,394	-	671,394
Interest income	14,406	-	14,406
Other	33,910	-	33,910
Change in beneficial interest in trust	-	80,266	80,266
Net assets released from restriction	141,378	(141,378)	-
Total Revenues, Gains, and Other Support	5,251,525	116,348	5,367,873
Expenses and Losses			
Arkansas children developmental disabilities	2,192,402	-	2,192,402
Arkansas adult development disabilities	799,194	-	799,194
Waiver	930,421	-	930,421
Elderly services	21,253	-	21,253
Texas early childhood intervention	131,635	-	131,635
Business enterprise	87,521	-	87,521
Housing services	609,846	-	609,846
Total Program Services	4,772,272	-	4,772,272
Management and general	747,528	-	747,528
Fundraising	287,739	-	287,739
Total Support Services	1,035,267	-	1,035,267
Total Expenses and Losses	5,807,539	-	5,807,539
Change in Net Assets	(556,014)	116,348	(439,666)
Net Assets, Beginning of Year	8,789,928	3,068,919	11,858,847
Net Assets, End of Year	$ 8,233,914	$ 3,185,267	$ 11,419,181

Texarkana Special Education Center, Inc., d/b/a Opportunities, Inc.
Consolidated Statement of Functional Expenses
Year Ended June 30, 2024

	Arkansas Children Developmental Disabilities	Arkansas Adult Development Disabilities	Waiver	Elderly Services	Texas Early Childhood Intervention	Business Enterprise
Salaries and fringe benefits	$ 866,915	$ 389,803	$ 802,028	$ 13,779	$ 93,683	$ 68,798
Contractual	797,447	32,207	1,083	286	19,111	1,073
Building repairs and maintenance	53,499	43,337	762	332	591	1,049
Equipment rental	15,519	3,723	13,038	-	409	841
Food and food supplies	55,632	19,211	51,029	6,533	-	143
Insurance	17,279	54,206	38,537	-	36	80
Program supplies	46,903	23,453	4,371	154	480	13,633
Staff travel	36,990	6,299	16,466	-	12,427	-
Telephone	5,567	1,659	1,321	-	2,958	368
Utilities	60,727	72,310	-	169	1,402	1,527
Information technology	17,934	9,989	1,786	-	538	9
Interest	417	15,216	-	-	-	-
Depreciation	217,573	127,781	-	-	-	-
	$ 2,192,402	$ 799,194	$ 930,421	$ 21,253	$ 131,635	$ 87,521

	Housing Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and fringe benefits	$ 119,207	$ 2,354,213	$ 495,232	$ 47,676	$ 542,908	$ 2,897,121
Contractual	35,197	886,404	115,566	5,405	120,971	1,007,375
Building repairs and maintenance	96,792	196,362	854	-	854	197,216
Equipment rental	5,535	39,065	6,893	2,989	9,882	48,947
Food and food supplies	15	132,563	572	-	572	133,135
Insurance	45,281	155,419	91,087	44,015	135,102	290,521
Program supplies	19,978	108,972	11,875	179,274	191,149	300,121
Staff travel	1,651	73,833	264	-	264	74,097
Telephone	6,622	18,495	2,929	-	2,929	21,424
Utilities	196,530	332,665	-	-	-	332,665
Information technology	14,728	44,984	16,500	8,380	24,880	69,864
Interest	-	15,633	5,756	-	5,756	21,389
Depreciation	68,310	413,664	-	-	-	413,664
	$ 609,846	$ 4,772,272	$ 747,528	$ 287,739	$ 1,035,267	$ 5,807,539

Texarkana Special Education Center, Inc., d/b/a Opportunities, Inc.
Consolidated Statement of Cash Flows
Year Ended June 30, 2024

Operating Activities		
Change in net assets	$	(439,666)
Items not requiring (providing) cash		
Depreciation		413,664
(Gains) losses on beneficial interest in trust		(260,600)
(Gains) losses on sale of property and equipment		19,628
Changes in		
Accounts receivable		410,710
Accounts payable and accrued liabilities		15,075
Assets held for others		(19,070)
Net Cash Provided by Operating Activities		139,741
Investing Activities		
Purchases of property and equipment		(491,470)
Net Cash Used in Investing Activities		(491,470)
Financing Activities		
Proceeds from beneficial interest in trust		180,334
Payments on long-term debt		(44,683)
Net Cash Provided by Financing Activities		135,651
Decrease in Cash and Restricted Cash		(216,078)
Cash and Restricted Cash, Beginning of Year		2,397,448
Cash and Restricted Cash, End of Year	$	2,181,370
Reconciliation of Cash and Restricted Cash to the Consolidated Statement of Financial Position		
Cash	$	1,664,276
Restricted cash		517,094
Total Cash and Restricted Cash	$	2,181,370
Supplemental Cash Flows Information		
Interest paid	$	21,389

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

These consolidated financial statements include the operations of Texarkana Special Education Center, Inc., Housing Opportunities, Inc., and Housing Opportunities Extension, Inc. The entities operate under the assumed name of Opportunities, Inc. (Center). Housing Opportunities, Inc. and Housing Opportunities Extension, Inc. are not-for-profit corporations organized to provide housing for the elderly and persons with disabilities. Each of the housing facilities operate under Section 202 of the *National Housing Act* and are regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods.

The Center provides day programs for at-risk children and those with developmental disabilities, adults with developmental disabilities and medical needs, frail elderly, as well as residential programs for both adults with developmental disabilities and low-income elderly. Services include transportation, nutrition, assessment, training, nursing and therapies to qualifying individuals of northeast Texas and southwest Arkansas.

The consolidated financial statements of the Center as of June 30, 2024, and for the year then ended, have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the Center and all related entities. All material transactions between the Center and the related entities have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

At June 30, 2024, the Center's cash accounts exceeded the federally insured limits by approximately $1,198,000.

Restricted Cash

Restricted cash includes (1) monies not considered readily available, as HUD must approve expenditure from these accounts, (2) tenant security deposits, (3) client funds are maintained in a Conserved Client Funds account, and (4) cash restricted by donors to invest in property and equipment.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from third-party payors and clients, of which the Center has an unconditional right to receive. The Center provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts receivable are due in full when billed. Accounts past due more than one year are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Contract Assets

Amounts related to services provided which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. At June 30, 2024, there were no contract assets.

Property and Equipment

Property and equipment acquisitions over $5,000 are stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under finance lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Property acquired with federal and state grants is considered owned by the Center while used in the programs for which it was purchased or in future authorized programs. The disposition of property purchased with federal and state grant funds, as well as any proceeds from its sale, is subject to federal and state regulations.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building and improvements	5–40 years
Furniture, fixtures, and equipment	3–15 years

Long-Lived Asset Impairment

The Center evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value, and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds it fair value.

No asset impairment was recognized during the year ended June 30, 2024.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Revenue Recognition

Revenue is recognized when control of the promised services is transferred to the Center's clients, in an amount that reflects the consideration that it expects to be entitled to in exchange for those services. The amount and timing of revenue recognition varies based on the nature of the services provided and the terms and conditions of the client contract. See Note 6 for additional information about the Center's revenue.

Contributions

Contributions are provided to the Center either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts—with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Center overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.*, the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions. Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Government Grants

Support funded by grants is recognized as the Center meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Center is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Center is subject to federal income tax on any unrelated business taxable income.

The Center files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the estimates of time and effort, square footage, and other methods.

Subsequent Events

Subsequent events have been evaluated through October 31, 2024, which is the date the consolidated financial statements were available to be issued.

Note 2. Liquidity and Availability

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments while also striving to maximize the investments of its available funds.

In addition to financial assets available to meet general expenditures over the next 12 months, the Center operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the consolidated statement of cash flows, which identifies the sources and uses of the Center's cash. To help manage unanticipated liquidity needs, the Center has a committed line of credit of $300,000 (see Note 4), which it could draw upon. Refer to the consolidated statement of cash flows, which identifies the sources and uses of the Center's cash.

The Center's financial assets available within one year of the consolidated statement of financial position date for general expenditures are:

Financial assets at year-end	
Cash	$ 1,664,276
Accounts receivable, net	139,162
Financial assets available to meet general expenditures within one year	$ 1,803,438

Note 3. Beneficial Interest in Trust

In 2005, the Center was named as an irrevocable beneficiary of a trust held and administered by an independent trustee. The Center received 10% interest in the remainder of the estate and the trust provides for a 5% distribution of the average value of the share on an annual basis to the Center. At the end of 100 years, the remaining trust share balance shall be distributed by the trustee to each of the beneficiaries.

An income approach is used for measuring the fair value of the beneficial interest in the trust. The beneficial interest in the trust is measured as the present value of the future distributions projected to be received over the expected term of the agreement, discounted at an appropriate rate.

On June 30, 2024, the fair value of the beneficial interest in the trust was $2,908,567. Distributions to the Center by the trust are restricted for certain capital expenditures and services and amounted to $177,460 in 2024.

Note 4. Long-Term Debt

Note payable, bank (A)	$	195,822
Mortgage payable to HUD (B)		49,766
		245,588
Less current maturities		220,691
	$	24,897

(A) Note payable due March 2025; unsecured; payable $2,181 monthly with a final payment of $191,870 including interest at 8.00%.

(B) Nonrecourse mortgage payable to HUD due May 2026; payable $2,370 monthly including interest at 9.25%; secured by buildings.

Aggregate annual maturities of long-term debt at June 30, 2024 are:

2025	$	220,691
2026		24,897
	$	245,588

The Center has a line of credit of $300,000 with a bank that expires in June 2025. The line is of credit is unsecured and accrues interest at 7.00%. At June 30, 2024, there were no borrowings against the line of credit.

Note 5. Property and Equipment

Property and equipment at June 30, 2024 consisted of:

Land and improvements	$	2,171,620
Buildings and improvements		12,017,561
Vehicles		528,505
Equipment and furnishings		1,309,131
Computer software and equipment		243,087
Construction in progress		46,540
		16,316,444
Less accumulated depreciation		9,628,337
	$	6,688,107

Note 6. Revenue from Contracts with Clients

Client Service Fees

Revenue from contracts with clients for therapy treatments is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing client services. These amounts are due from clients and third-party payors (including health insurers and government programs). Generally, the Center bills the clients and third-party payors monthly after the services are performed and accounts receivable are due in full when billed. Revenue is recognized as performance obligations are satisfied, which is ratable over time.

For the year ended June 30, 2024, the Center recognized revenue of approximately $3,560,000 from client service fees.

Transaction Price and Recognition

The Center determines the transaction price based on standard charges for services provided, reduced by discounts provided in accordance with the Center's policy and implicit price concessions provided to clients and third-party payors. The Center determines its estimate of implicit price concessions based on its historical collection experience with this class of customers.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the client's ability to pay are recorded as bad debt expense.

From time to time, the Center will receive overpayments of customer balances resulting in amounts owed back to either the client or third parties. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of June 30, 2024, no refund liability was required to be recorded.

The Center has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the payor types. The payor types have different reimbursement and payment methodologies.

Contract Balances

The following table provides information about the Center's receivables from contracts with clients:

Accounts receivable, beginning of year	$	549,872
Accounts receivable, end of year		139,162

Financing Component

The Center has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from clients and third parties for the effects of a significant financing component due to the Center's expectation that the period between the time the service is provided to a client and the time the client or a third-party payor pays for that service will be one year or less.

Note 7. Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2024 are restricted for the following purposes or periods:

Subject to expenditure for specified purpose	
Equipment	$ 128,000
Capital expenditures or services	148,700
Subject to the passage of time	
Beneficial interest in trust	2,908,567
	$ 3,185,267

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Satisfaction or purpose restrictions	
Curriculum	$ 29,000
Capital expenditures or services	112,378
	$ 141,378

Note 8. Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Beneficial Interest in Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Total unrealized gains included in the change in net assets during the year ended June 30, 2024 were $80,266. Due to the nature of the valuation inputs, the interest of $2,908,567 at June 30, 2024 is classified within Level 3 of the hierarchy.

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in the Level 3 fair value measurement June 30, 2024.

	Fair Value at June 30, 2024	Valuation Technique	Unobservable Inputs
Beneficial interest in trust	$ 2,908,567	Discounted cash flow	Investment rate of return Discount rate

Note 9. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying statement of financial position.

Supplementary and Other Information

Texarkana Special Education Center, Inc., d/b/a Opportunities, Inc.
Consolidating Schedule – Statement of Financial Position
June 30, 2024

	Texarkana Special Education Center, Inc.	Housing Opportunities, Inc.	Housing Opportunities Extension, Inc.	Total	Eliminations	Consolidated
ASSETS						
Current Assets						
Cash	$ 1,491,609	$ 164,052	$ 8,615	$ 1,664,276	$ -	$ 1,664,276
Accounts receivable, net	146,707	68	5,943	152,718	(13,556)	139,162
Prepaid expenses	19,245	-	-	19,245	-	19,245
Total Current Assets	1,657,561	164,120	14,558	1,836,239	(13,556)	1,822,683
Restricted Cash	306,866	161,069	49,159	517,094	-	517,094
Beneficial Interest in Trust	2,908,567	-	-	2,908,567	-	2,908,567
Property and Equipment, Net	5,855,518	736,576	96,013	6,688,107	-	6,688,107
Total Assets	$ 10,728,512	$ 1,061,765	$ 159,730	$ 11,950,007	$ (13,556)	$ 11,936,451
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable	$ 77,338	$ 15,360	$ 13,556	$ 106,254	$ (13,556)	$ 92,698
Assets held for others	29,134	20,982	2,539	52,655	-	52,655
Accrued salaries	119,090	6,376	305	125,771	-	125,771
Notes payable – current portion	195,822	-	-	195,822	-	195,822
Mortgages payable – current portion	-	-	24,869	24,869	-	24,869
Accrued interest payable	-	-	558	558	-	558
Total Current Liabilities	421,384	42,718	41,827	505,929	(13,556)	492,373
Other Liabilities						
Mortgages payable – net of current maturities	-	-	24,897	24,897	-	24,897
	-	-	24,897	24,897	-	24,897
Total Liabilities	421,384	42,718	66,724	530,826	(13,556)	517,270
Net Assets						
Without donor restrictions	7,121,861	1,019,047	93,006	8,233,914	-	8,233,914
With donor restrictions	3,185,267	-	-	3,185,267	-	3,185,267
Total Net Assets	10,307,128	1,019,047	93,006	11,419,181	-	11,419,181
Total Liabilities and Net Assets	$ 10,728,512	$ 1,061,765	$ 159,730	$ 11,950,007	$ (13,556)	$ 11,936,451

Texarkana Special Education Center, Inc., d/b/a Opportunities, Inc.
Consolidating Schedule – Statement of Activities
Year Ended June 30, 2024

	Texarkana Special Education Center, Inc.	Housing Opportunities, Inc.	Housing Opportunities Extension, Inc.	Total	Eliminations	Consolidated
Revenues, Gains, and Other Support						
Awards and grants	$ 464,092	$ -	$ -	$ 464,092	$ -	$ 464,092
Medicaid revenues	3,504,431	-	-	3,504,431	-	3,504,431
Contracted services	103,748	-	-	103,748	(42,741)	61,007
Public support	538,367	-	-	538,367	-	538,367
Resident rent	-	538,299	133,095	671,394	-	671,394
Interest income	6,676	7,275	455	14,406	-	14,406
Other	32,971	939	-	33,910	-	33,910
Change in beneficial interest in trust	80,266	-	-	80,266	-	80,266
Total Revenues, Gains, and Other Support	4,730,551	546,513	133,550	5,410,614	(42,741)	5,367,873
Expenses and Losses						
Arkansas children developmental disabilities	2,192,402	-	-	2,192,402	-	2,192,402
Arkansas adult development disabilities	799,194	-	-	799,194	-	799,194
Waiver	930,421	-	-	930,421	-	930,421
Elderly services	21,253	-	-	21,253	-	21,253
Texas early childhood intervention	131,635	-	-	131,635	-	131,635
Business enterprise	87,521	-	-	87,521	-	87,521
Housing services	-	550,844	101,743	652,587	(42,741)	609,846
Total Program Services	4,162,426	550,844	101,743	4,815,013	(42,741)	4,772,272
Management and general	723,077	15,406	9,045	747,528	-	747,528
Fundraising	287,739	-	-	287,739	-	287,739
Total Support Services	1,010,816	15,406	9,045	1,035,267	-	1,035,267
Total Expenses and Losses	5,173,242	566,250	110,788	5,850,280	(42,741)	5,807,539
Change in Net Assets	(442,691)	(19,737)	22,762	(439,666)	-	(439,666)
Net Assets, Beginning of Year	10,749,819	1,038,784	70,244	11,858,847	-	11,858,847
Net Assets, End of Year	$ 10,307,128	$ 1,019,047	$ 93,006	$ 11,419,181	$ -	$ 11,419,181

Texarkana Special Education Center, Inc., d/b/a Opportunities, Inc.
Schedule of Units of Service (Unaudited)
Year Ended June 30, 2024

USDA Program #019-0004	Breakfast	Lunch	Snacks	Total
July	851	824	776	2,451
August	930	914	842	2,686
September	1,005	995	929	2,929
October	1,127	1,116	1,000	3,243
November	1,021	1,012	856	2,889
December	905	888	796	2,589
January	885	882	836	2,603
February	1,029	1,017	978	3,024
March	935	931	874	2,740
April	1,150	1,132	1,052	3,334
May	1,143	1,122	997	3,262
June	830	805	715	2,350
Total Preschool	11,811	11,638	10,651	34,100

USDA Program #019-6002	Breakfast	Lunch	Snacks	Total
July	16	289	253	558
August	43	330	280	653
September	42	336	270	648
October	48	418	341	807
November	33	339	265	637
December	32	284	245	561
January	27	269	217	513
February	33	442	254	729
March	19	401	322	742
April	23	400	388	811
May	54	460	355	869
June	53	410	294	757
Total Adult	423	4,378	3,484	8,285
Total Units of Service	12,234	16,016	14,135	42,385

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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*

Independent Auditor's Report

Board of Directors
Texarkana Special Education Center, Inc., d/b/a Opportunities, Inc.
Texarkana, Texas

We have audited, in accordance with 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 (*Government Auditing Standards*), the consolidated financial statements of Texarkana Special Education Center, Inc., d/b/a Opportunities, Inc. (Center), which comprise the consolidated statement of financial position as of June 30, 2024 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 31, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Center'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 consolidated 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's consolidated financial statements are free from 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 consolidated 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*.

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 the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Forvis Mazars, LLP

Little Rock, Arkansas
October 31, 2024