

OPPORTUNITIES FOR OTSEGO, INC.
Financial Statements and
Supplementary Information
March 31, 2025 and 2024
(With Independent Auditors' Report Thereon)

OPPORTUNITIES FOR OTSEGO, INC.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Financial Statements:	
Statements of Financial Position	4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 20
Schedule of Expenditures of Federal Awards	21 - 23
Notes to Schedule of Expenditures of Federal Awards	24
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	25 - 26
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	27 - 29
Schedule of Findings and Questioned Costs	30
Status of Prior Year Audit Findings	31

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Opportunities for Otsego, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Opportunities for Otsego, Inc. (the Organization) (a nonprofit organization), which comprise the statements of financial position as of March 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Opportunities for Otsego, Inc. as of March 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 audits.
- 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 audits 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits.

Supplemental Information

Our audits were 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is 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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 25, 2025 on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 25, 2025

OPPORTUNITIES FOR OTSEGO, INC.
Statements of Financial Position
March 31, 2025 and 2024

<u>Assets</u>	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and equivalents	\$ 17,776	17,776
Investments, at fair value	431,655	395,787
Receivables, net of allowance	669,446	1,084,002
Prepaid expenses and inventory	43,294	22,106
Total current assets	<u>1,162,171</u>	<u>1,519,671</u>
Limited use deposits and funded reserves	23,464	23,461
Right-of-use asset, operating lease	83,409	124,172
Property and equipment, at cost:		
Land	167,028	167,028
Building and improvements	2,559,345	2,559,345
Vehicles	975,058	1,052,879
Equipment and furnishings	648,377	605,806
Construction in progress	31,000	-
	4,380,808	4,385,058
Less accumulated depreciation	<u>(3,074,168)</u>	<u>(3,072,024)</u>
Net property and equipment	<u>1,306,640</u>	<u>1,313,034</u>
Total assets	<u>\$ 2,575,684</u>	<u>2,980,338</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	226,248	297,564
Accrued vacation	120,616	113,666
Accrued expenses	211,636	188,587
Deferred revenue	183,442	306,888
Line of credit	143,064	453,387
Current portion of long-term debt	20,553	19,577
Current installments of operating lease liabilities	20,009	39,133
Total current liabilities	925,568	1,418,802
Long-term debt, excluding current portion	31,452	51,993
Operating lease, net of current installments	63,400	85,039
Total liabilities	<u>1,020,420</u>	<u>1,555,834</u>
Net assets:		
Without donor restrictions	1,242,524	1,161,141
With donor restrictions	312,740	263,363
Total net assets	<u>1,555,264</u>	<u>1,424,504</u>
Contingencies (note 16)		
Total liabilities and net assets	<u>\$ 2,575,684</u>	<u>2,980,338</u>

See accompanying notes to financial statements.

OPPORTUNITIES FOR OTSEGO, INC.

Statement of Activities

Year ended March 31, 2025
with comparative totals for 2024

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>	
			<u>2025</u>	<u>2024</u>
Revenue:				
Contracts	\$ 7,738,215	-	7,738,215	7,358,666
WIC food instruments	508,253	-	508,253	532,656
Program service fees	708,908	44,906	753,814	609,295
Program revenue	221,471	-	221,471	214,830
Contributions	39,726	58,948	98,674	43,176
Contributed nonfinancial assets	402,343	-	402,343	293,396
Other revenue	23,255	-	23,255	716
Interest income	10,870	-	10,870	10,257
Net appreciation in fair value of investments	25,131	-	25,131	44,904
Loss on disposal of fixed assets	(2,593)	-	(2,593)	(1,991)
Net assets released from restrictions	<u>54,477</u>	<u>(54,477)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>9,730,056</u>	<u>49,377</u>	<u>9,779,433</u>	<u>9,105,905</u>
Expenses:				
Program services	8,646,888	-	8,646,888	8,322,671
Management and general	997,245	-	997,245	965,467
Fundraising	<u>4,540</u>	<u>-</u>	<u>4,540</u>	<u>2,963</u>
Total expenses	<u>9,648,673</u>	<u>-</u>	<u>9,648,673</u>	<u>9,291,101</u>
Change in net assets	81,383	49,377	130,760	(185,196)
Net assets at beginning of year	<u>1,161,141</u>	<u>263,363</u>	<u>1,424,504</u>	<u>1,609,700</u>
Net assets at end of year	<u>\$ 1,242,524</u>	<u>312,740</u>	<u>1,555,264</u>	<u>1,424,504</u>

See accompanying notes to financial statements.

OPPORTUNITIES FOR OTSEGO, INC.

Statement of Activities

Year ended March 31, 2024

	Without donor <u>restrictions</u>	With donor <u>restrictions</u>	<u>Total</u>
Revenue:			
Contracts	\$ 7,358,666	-	7,358,666
WIC food instruments	532,656	-	532,656
Program service fees	609,295	-	609,295
Program revenue	214,830	-	214,830
Contributions	13,658	29,518	43,176
Contributed nonfinancial assets	293,396	-	293,396
Other revenue	716	-	716
Interest income	10,257	-	10,257
Net appreciation in fair value of investments	44,904	-	44,904
Loss on disposal of fixed assets	(1,991)	-	(1,991)
Net assets released from restrictions	<u>87,230</u>	<u>(87,230)</u>	<u>-</u>
Total revenue	<u>9,163,617</u>	<u>(57,712)</u>	<u>9,105,905</u>
Expenses:			
Program services	8,322,671	-	8,322,671
Management and general	965,467	-	965,467
Fundraising	<u>2,963</u>	<u>-</u>	<u>2,963</u>
Total expenses	<u>9,291,101</u>	<u>-</u>	<u>9,291,101</u>
Change in net assets	(127,484)	(57,712)	(185,196)
Net assets at beginning of year	<u>1,288,625</u>	<u>321,075</u>	<u>1,609,700</u>
Net assets at end of year	<u><u>\$ 1,161,141</u></u>	<u><u>263,363</u></u>	<u><u>1,424,504</u></u>

See accompanying notes to financial statements.

OPPORTUNITIES FOR OTSEGO, INC.
Statement of Functional Expenses
Year ended March 31, 2025
with comparative totals for 2024

	Program Services					Management and general	Fundraising	Total	
	Energy Services	Child and Family Development Services	Crisis Intervention and Support Services	Other Human Services	Total Program Services			2025	2024
Payroll expenses:									
Salaries	\$ 246,063	3,188,869	903,422	113,074	4,451,428	680,061	3,588	5,135,077	4,949,280
Fringe benefits	62,527	895,718	210,874	34,553	1,203,672	158,524	952	1,363,148	1,418,614
Total payroll expenses	<u>308,590</u>	<u>4,084,587</u>	<u>1,114,296</u>	<u>147,627</u>	<u>5,655,100</u>	<u>838,585</u>	<u>4,540</u>	<u>6,498,225</u>	<u>6,367,894</u>
Contributed nonfinancial assets	1,148	365,208	15,418	20,569	402,343	-	-	402,343	293,396
WIC food instruments	-	508,253	-	-	508,253	-	-	508,253	532,656
Space cost	21,125	98,369	72,323	36,871	228,688	44,230	-	272,918	276,388
Supplies	5,431	165,895	43,701	10,193	225,220	10,270	-	235,490	211,901
Vehicle operations	15,716	59,536	12,859	242	88,353	700	-	89,053	88,541
Depreciation	27,125	144,046	47,436	16,681	235,288	-	-	235,288	175,760
Contractual	10,180	62,004	13,244	42,650	128,078	60,748	-	188,826	164,529
Trainings and meetings	13,086	42,496	2,237	8,233	66,052	2,274	-	68,326	76,987
Insurance	13,821	95,778	27,431	6,388	143,418	15,072	-	158,490	143,276
Building materials	69,822	-	-	-	69,822	-	-	69,822	334,179
Telephone	5,532	49,062	23,056	1,491	79,141	4,925	-	84,066	84,677
Client beneficiary expense	-	135,200	278,110	16,883	430,193	-	-	430,193	242,154
Interest	-	-	-	27,731	27,731	-	-	27,731	22,422
Repairs and maintenance	3,830	110,578	31,591	36,057	182,056	715	-	182,771	168,681
Travel	8	20,673	177	85	20,943	-	-	20,943	19,974
Postage	686	6,344	3,268	161	10,459	1,658	-	12,117	10,335
Advertising expense	7,419	74,563	33,409	570	115,961	2,850	-	118,811	42,365
Bad debt expense	1,868	14,632	5,524	97	22,121	-	-	22,121	-
Miscellaneous	139	2,530	1,343	3,656	7,668	15,218	-	22,886	34,986
Total other expenses	<u>196,936</u>	<u>1,955,167</u>	<u>611,127</u>	<u>228,558</u>	<u>2,991,788</u>	<u>158,660</u>	<u>-</u>	<u>3,150,448</u>	<u>2,923,207</u>
Total expenses	505,526	6,039,754	1,725,423	376,185	8,646,888	997,245	4,540	9,648,673	9,291,101
Allocation of management and general	59,527	670,346	222,270	44,493	996,636	(997,245)	609	-	-
	<u>\$ 565,053</u>	<u>6,710,100</u>	<u>1,947,693</u>	<u>420,678</u>	<u>9,643,524</u>	<u>-</u>	<u>5,149</u>	<u>9,648,673</u>	<u>9,291,101</u>

See accompanying notes to financial statements.

OPPORTUNITIES FOR OTSEGO, INC.
Statement of Functional Expenses
Year ended March 31, 2024

	Program Services					Management and general	Fundraising	Total
	<u>Energy Services</u>	<u>Child and Family Development Services</u>	<u>Crisis Intervention and Support Services</u>	<u>Other Human Services</u>	<u>Total Program Services</u>			
Payroll expenses:								
Salaries	\$ 260,995	3,047,762	840,925	127,697	4,277,379	669,397	2,504	4,949,280
Fringe benefits	<u>72,101</u>	<u>928,245</u>	<u>217,882</u>	<u>34,882</u>	<u>1,253,110</u>	<u>165,045</u>	<u>459</u>	<u>1,418,614</u>
Total payroll expenses	<u>333,096</u>	<u>3,976,007</u>	<u>1,058,807</u>	<u>162,579</u>	<u>5,530,489</u>	<u>834,442</u>	<u>2,963</u>	<u>6,367,894</u>
Contributed nonfinancial assets	551	254,475	16,166	22,204	293,396	-	-	293,396
WIC food instruments	-	532,656	-	-	532,656	-	-	532,656
Space cost	19,746	98,681	69,755	46,873	235,055	41,333	-	276,388
Supplies	5,167	150,665	45,247	4,392	205,471	6,430	-	211,901
Vehicle operations	15,440	61,448	11,445	-	88,333	208	-	88,541
Depreciation	16,005	110,508	33,620	15,627	175,760	-	-	175,760
Contractual	3,235	49,219	13,202	57,104	122,760	41,769	-	164,529
Trainings and meetings	18,395	42,481	4,953	10,004	75,833	1,154	-	76,987
Insurance	15,368	84,435	22,607	6,850	129,260	14,016	-	143,276
Building materials	334,179	-	-	-	334,179	-	-	334,179
Telephone	2,571	49,238	24,864	2,168	78,841	5,836	-	84,677
Client beneficiary expense	-	114,886	125,470	1,798	242,154	-	-	242,154
Interest	-	-	-	22,422	22,422	-	-	22,422
Repairs and maintenance	2,520	129,990	29,861	5,860	168,231	450	-	168,681
Travel	-	19,371	295	167	19,833	141	-	19,974
Postage	782	7,008	1,031	232	9,053	1,282	-	10,335
Advertising expense	3,243	25,575	12,702	93	41,613	752	-	42,365
Miscellaneous	<u>400</u>	<u>5,097</u>	<u>5,140</u>	<u>6,695</u>	<u>17,332</u>	<u>17,654</u>	<u>-</u>	<u>34,986</u>
Total other expenses	<u>437,602</u>	<u>1,735,733</u>	<u>416,358</u>	<u>202,489</u>	<u>2,792,182</u>	<u>131,025</u>	<u>-</u>	<u>2,923,207</u>
Total expenses	770,698	5,711,740	1,475,165	365,068	8,322,671	965,467	2,963	9,291,101
Allocation of management and general	<u>94,758</u>	<u>639,068</u>	<u>192,326</u>	<u>38,911</u>	<u>965,063</u>	<u>(965,467)</u>	<u>404</u>	<u>-</u>
	<u>\$ 865,456</u>	<u>6,350,808</u>	<u>1,667,491</u>	<u>403,979</u>	<u>9,287,734</u>	<u>-</u>	<u>3,367</u>	<u>9,291,101</u>

See accompanying notes to financial statements.

OPPORTUNITIES FOR OTSEGO, INC.
Statements of Cash Flows
Years ended March 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 130,760	(185,196)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	235,288	175,760
Bad debts	22,121	-
Loss on disposal of fixed assets	2,593	1,991
Net appreciation in fair value of investments	(25,131)	(44,904)
Changes in:		
Receivables:	392,435	(281,599)
Prepaid expenses and inventory	(21,188)	(3,011)
Accounts payable	(32,532)	4,686
Accrued vacation	6,950	(4,028)
Accrued expenses	23,049	17,763
Deferred revenue	<u>(123,446)</u>	<u>(40,496)</u>
Net cash provided by (used in) operating activities	<u>610,899</u>	<u>(359,034)</u>
Cash flows from investing activities:		
Purchase of investments, net	(10,737)	(10,254)
Increase in limited use deposits and funded reserves	(3)	(2)
Proceeds from sale of property and equipment	2,195	-
Additions to property and equipment	<u>(272,466)</u>	<u>(15,706)</u>
Net cash used in investing activities	<u>(281,011)</u>	<u>(25,962)</u>
Cash flows from financing activities:		
Net proceeds (repayment) of line of credit	(310,323)	402,296
Principal payments on long-term debt	<u>(19,565)</u>	<u>(18,648)</u>
Net cash provided by (used in) financing activities	<u>(329,888)</u>	<u>383,648</u>
Net change in cash and equivalents	-	(1,348)
Cash and equivalents at beginning of year	<u>17,776</u>	<u>19,124</u>
Cash and equivalents at end of year	<u>\$ 17,776</u>	<u>17,776</u>
Supplemental schedule of cash flow information:		
Cash paid for interest	<u>\$ 27,749</u>	<u>22,429</u>
Fixed asset additions financed by accounts payable	<u>\$ 3,559</u>	<u>42,343</u>
Disposal of fully depreciated property and equipment	<u>\$ 233,144</u>	<u>59,398</u>
Cash paid for amounts included in measurement of lease liability - operating lease payments	<u>\$ 40,763</u>	<u>37,365</u>
Lease assets obtained in exchange for lease liabilities - operating leases	<u>\$ -</u>	<u>104,157</u>

See accompanying notes to financial statements.

OPPORTUNITIES FOR OTSEGO, INC.

Notes to Financial Statements

March 31, 2025 and 2024

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

Opportunities for Otsego, Inc. (the Organization) is a nonprofit organization incorporated under the laws of the State of New York in January, 1966. The Organization provides comprehensive services to people in need in Otsego County, New York. As a community action agency, it administers programs designed to empower families and individuals to realize their full potential. The Organization also develops, operates and maintains programs to improve housing opportunities and to assist in maintaining the comfort and affordability of local housing by emphasizing energy conservation and efficiency as well as health and safety improvements.

(b) Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

(c) Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represents resources available for the general support of the Organization's activities. Net assets with donor restrictions are those whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization.

(d) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) Cash and Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

(f) Concentration of Credit Risk

Financial Instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. The Organization maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits. At March 31, 2025 and 2024, the Organization had no balances in excess of the federally insured limits.

OPPORTUNITIES FOR OTSEGO, INC.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Receivables and Bad Debts

The Organization has accounts receivable derived from program income. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses. This estimate is calculated on a pooled basis where similar characteristics exist and individually when there are no shared characteristics.

The allowance method is derived from a review of Organization's historical losses based on an aging of receivables. Historical losses have been consistent. This estimate is adjusted for management's assessment of current conditions, forecasts of future events, and other factors deemed relevant risk factors. As a result, management has determined that the allowance for credit losses is adequate.

The Organization writes off receivables when there is information that indicates that there is no possibility of collection. If any recoveries are made from any accounts receivable previously written off, they will be recognized in revenue. For the year ended March 31, 2025, the total amount of write-offs was \$22,121. There were \$14,658 of recoveries for the year ended March 31, 2025. There were no write-offs or recoveries for the year ended March 31, 2024.

The allowance for credit losses for program income for the years ended March 31, 2025 and 2024, are as follows:

	<u>2025</u>	<u>2024</u>
Balance at the beginning of the year	\$ 5,000	5,000
Recoveries	(14,658)	-
Provision for credit losses	<u>22,121</u>	<u>-</u>
Balance at end of year	\$ <u>12,463</u>	<u>5,000</u>

(h) Inventory

Inventory of the Organization consists of food and weatherization supplies. Inventory is stated at cost by the first in, first out basis.

(i) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property and equipment, the appropriate property and equipment accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the accompanying statements of activities.

OPPORTUNITIES FOR OTSEGO, INC.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the Organization compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amounts of the assets. At March 31, 2025 and 2024, no impairments in value have been recognized.

(k) Deferred Revenue and Revenue Recognition

The Organization recognizes conditional grants, typically from government sources, as revenue when qualifying expenses have been incurred in compliance with the grant requirements. The Organization recognizes conditional contributions as revenue, when the underlying conditions of the agreement have been met. Amounts unspent at the end of the period and funds received in advance of their use, are recorded as deferred revenue in the statement of financial position.

The Organization recognizes unconditional contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted contributions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor 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. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as without donor restrictions.

The Organization accounts for all program service fee revenue received via exchange transactions in the statement of activities to the extent that performance obligations have been satisfied during the period. In applying this concept, the legal and contractual requirements of each program are used as guidance. Funds received in advance of satisfying performance obligations are recorded as deferred revenue in the statement of financial position.

(l) Contracts with Customers

Under Accounting Standards Update (ASU) No. 2014-09 (Topic 606) - Revenue from Contracts with Customers, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for these goods or services. The Organization utilizes a five-step framework as identified in ASU No. 2014-09. The primary sources of revenue from contracts with customers for the Organization are as follows:

OPPORTUNITIES FOR OTSEGO, INC.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Contracts with Customers, Continued

1. Universal Pre-K revenue consists of a single performance obligation, and revenue is recognized over the period of time using the straight line method on a monthly basis based on the number of attendees. Universal Pre-K is generally nonrefundable, billed monthly to the Oneonta City School District and payment is typically due within 30 days of the invoice date.
2. Energy fee for service revenue consists of a single performance obligation and revenue is recognized when the service is complete. Energy fee for service revenue is generally nonrefundable and billed once the service is completed.
3. Child and Adult Care Food program revenue consists of a single performance obligation and revenue is recognized over the period of time using the straight line method on a monthly basis based on the number of meals served. Child and Adult Care Food program is generally nonrefundable, billed monthly to the New York State Department of Health and payment is typically due within 30 days of the invoice date.
4. Domestic Violence and Homeless Shelter revenue consists of a single performance obligation, and revenue is recognized over the period of time using the straight line method on a monthly basis based on the number of attendees. Domestic Violence and Homeless Shelter revenue is generally nonrefundable, billed monthly to Counties and payment is typically due within 30 days of the invoice date.

Receivables from contracts with customers were as follows at March 31:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Grants and contracts receivable:			
New York State Department of Health	\$ 19,946	17,269	16,858
NYSERDA	14,272	2,405	7,029
Otsego County	112,909	139,324	99,048
Albany County	-	2,428	2,428
Schoharie County	-	3,025	3,025
Rockland County	<u>-</u>	<u>-</u>	<u>6,501</u>
Total	\$ <u>147,127</u>	<u>164,451</u>	<u>134,889</u>

(m) Indirect Cost Rate

The Organization uses an indirect cost rate for the purpose of allocating indirect costs. The methodology used to develop the indirect cost rate was approved by the U.S. Department of Health and Human Services (HHS). The indirect cost allocation plan for the years ended March 31, 2025 and 2024 was approved by HHS, the Organization's Federal Cognizant Agency.

OPPORTUNITIES FOR OTSEGO, INC.
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(n) Subsequent Events

The Organization has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(o) Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Organization presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Organization has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Organization are subject to examination by taxing authorities.

(2) Liquidity

The Organization has \$687,222 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, consisting of \$17,776 of cash and equivalents and \$669,446 of net receivables. None of these financial assets are subject to donor or contractual restrictions that make them unavailable for general expenditure within one year of the 2025 statement of financial position. Additionally, the Organization has available \$431,655 in investments at March 31, 2025, however use of the investments for operating purposes is subject to approval by the Board of Directors. As more fully described in note 10, the Organization has a line of credit of \$650,000, which can be drawn upon in the event of an unanticipated liquidity need.

(3) Economic Dependence

The Organization provides social services primarily in Otsego County of the State of New York. A substantial portion of the Organization's receivables are due from Federal and New York State governmental agencies.

OPPORTUNITIES FOR OTSEGO, INC.
Notes to Financial Statements, Continued

(4) Investments

The fair value of investments at March 31, 2025 and 2024 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Mutual funds - moderate allocation	\$ <u>431,655</u>	<u>395,787</u>

Investments are stated at fair value. The fair value of investments is based on quotations obtained from national securities exchanges (level 1 assets). In accordance with the policy of carrying investments at fair value, the change in net unrealized appreciation or depreciation is included in investment income in the accompanying statements of activities.

(5) Contracts Receivable

Contracts receivable, net of allowance for credit losses, amounted to \$669,446 and \$1,084,002 as of March 31, 2025 and 2024, respectively. These amounts represent the amounts the Organization was due from funding sources for expenditures incurred or services rendered in excess of payments received. The following details the contracts receivable at March 31, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
U.S. Department of Health and Human Services - Head Start	\$ 30,944	248,214
U.S Department of Agriculture	60,436	35,802
Office of Temporary and Disability Assistance	-	44,511
Crime Victims Board	120,772	227,731
Otsego County Department of Social Services	84,186	87,516
Domestic Violence Shelter	21,028	51,808
Office of Children and Family Services	85,177	84,801
New York State Department of Health	17,328	17,268
Office of Victim Services	-	13,925
Other	<u>262,038</u>	<u>277,426</u>
	681,909	1,089,002
Less allowance for credit losses	<u>(12,463)</u>	<u>(5,000)</u>
	\$ <u>669,446</u>	<u>1,084,002</u>

OPPORTUNITIES FOR OTSEGO, INC.
Notes to Financial Statements, Continued

(6) Limited Use Deposits and Funded Reserves

Assets whose use is limited consists of restricted cash held in an interest bearing cash account. The U.S. Department of Agriculture (USDA) loan agreement requires that a separate bank account (insured by the Federal Deposit Insurance Corporation) be established and funded through monthly deposits of \$193, until a balance of \$23,149 is reached. All interest income earned on this account must remain in the account. Funds may be withdrawn only with prior written approval from the USDA. The balance amounted to \$23,464 and \$23,461 at March 31, 2025 and 2024, respectively.

(7) Right-of-Use Assets - Lease Liabilities

The Organization leases program space in Oneonta, NY and copiers under operating leases and has elected the practical expedient not to separate lease and nonlease components for all lease transactions. The Organization also has certain leases for other office equipment and property that contain variable lease payments and lease with terms less than 12 months. The Organization has elected to recognize these lease expenses on the straight-line basis or when incurred. The leases provide for monthly payments of various amounts through February 2029. The lease inception or period of adoption, unless explicitly stated, is in accordance with the Organization's accounting policies. Additional information about the Organization's leases are as follows for the years ended March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating leases - program services:		
Space	\$ 21,875	37,500
Office equipment	23,137	1,928
Short term leases - program services - rent	11,250	8,333
Variable lease:		
Program services:		
Utilities	16,224	16,143
Vehicles	9,585	7,189
Management and general - office equipment	<u>-</u>	<u>6,950</u>
Total lease expense	\$ <u>82,071</u>	<u>78,043</u>
Weighted Averages:		
Remaining lease term - operating leases	3.92 years	2.75 years
Discount rate - operating leases	4.21%	4.17%

OPPORTUNITIES FOR OTSEGO, INC.
Notes to Financial Statements, Continued

(7) Right-of-Use Assets - Lease Liabilities, Continued

The aggregate maturity of the lease payments under ASC 842 for the years following March 31, 2025 is as follows:

	<u>Operating</u>	
2026	\$ 23,137	
2027	23,137	
2028	23,137	
2029	<u>21,209</u>	
	90,620	
Less unamortized discount	<u>(7,211)</u>	
Total lease liabilities	\$ <u>83,409</u>	
Lease liabilities at March 31, 2025 and 2024:	<u>2025</u>	<u>2024</u>
Operating leases:		
Current installments	\$ 20,009	39,133
Noncurrent installments	<u>63,400</u>	<u>85,039</u>
Total lease liabilities	\$ <u>83,409</u>	<u>124,172</u>

(8) Accrued Vacation Time

The Organization provides paid vacation leave for eligible employees. Unused vacation leave is vested and paid to an employee upon separation from the Organization. At March 31, 2025 and 2024, accrued vacation leave amounted to \$120,616 and \$113,666, respectively. Vacation leave is the only vested compensated absence provided to employees.

(9) Deferred Revenue

Deferred revenue represents cash provided to the Organization in advance of the period to be benefited in order to provide working capital for the operation of the various programs of the Organization. The following details the Organization's deferred revenue at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Energy Opportunities	\$ 30,932	22,724
New York State Office of Child and Family Services	14,207	62,367
New York State Department of State	12,737	7,164
New York State Department of Health	62,801	82,340
New York State Homes and Community Renewal	12,566	84,257
Other	<u>50,199</u>	<u>48,036</u>
	\$ <u>183,442</u>	<u>306,888</u>

OPPORTUNITIES FOR OTSEGO, INC.
Notes to Financial Statements, Continued

(10) Line of Credit

The Organization has a \$650,000 (increased to \$850,000 subsequent to year end) line of credit available with a local bank to meet cash flow needs. The line of credit carries an interest rate of prime less .25% (7.25% at March 31, 2025). At March 31, 2025 and 2024, the line of credit balance amounted to \$143,064 and \$453,387, respectively. The line of credit agreement contains certain restrictive covenants. At March 31, 2025 and 2024, the Organization was not in compliance with certain covenants and has received a waiver from the bank.

(11) Long-Term Debt

A 4.875% loan from the USDA, in the original amount of \$355,800 dated October 23, 1997. The proceeds were used to purchase and renovate a day care center at 256 River Street, Oneonta, New York. Monthly payments of \$1,886 are required for 30 years. The note is collateralized by a mortgage on the premises. At March 31, 2025 and 2024, the long-term debt was as follows:

	<u>2025</u>	<u>2024</u>
Long-term debt	\$ 52,005	71,570
Less current installments	(20,553)	(19,577)
Total long-term debt, excluding current installments	\$ <u>31,452</u>	<u>51,993</u>

Future scheduled maturities of long-term debt for the years following March 31, 2025 are as follows:

2026	\$ 20,553
2027	21,578
2028	<u>9,874</u>
	\$ <u>52,005</u>

(12) Net Assets With Donor Restrictions

Components of net assets with donor restrictions at March 31, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Capital advances (time restricted) - New York State Homeless Housing Assistance Corporation (HHAC), annual forgiveness of debt of \$24,097 over a 25 year term ending in April 2027.	\$ 48,205	72,302
Contributions (purpose restricted)	<u>264,535</u>	<u>191,061</u>
Total	\$ <u>312,740</u>	<u>263,363</u>

OPPORTUNITIES FOR OTSEGO, INC.
Notes to Financial Statements, Continued

(13) Retirement Plan

The Organization maintains a defined contribution retirement plan (the Plan). The Organization contributes a match of up to 3% of each eligible employee's gross salary to the Plan. Contributions to the Plan amounted to \$88,470 and \$81,346 for the years ended March 31, 2025 and 2024, respectively. It is the Organization's policy to fund the Plan currently.

(14) Contributed Nonfinancial Assets

For the years ended March 31, 2025 and 2024, contributed nonfinancial assets recognized within the statements of activities included the following:

	<u>2025</u>	<u>2024</u>
Contributed professional services	\$ 101,370	81,674
Contributed consumables	98,729	95,047
Contributed space	<u>202,244</u>	<u>116,675</u>
Total	\$ <u>402,343</u>	<u>293,396</u>

Contributed consumables are reflected upon receipt and are recorded at cost or estimated cost, where practicable, as expenses and are allocated between program and management and general. Contributions of professional services are recognized if the goods received create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed space represents the Organization's share of buildings in which the Organization operates. For the years ended March 31, 2025 and 2024, the Organization also received various non-GAAP volunteer services, including assistance with various program activities that the Organization would ordinarily need to pay for if not for the strength of the Organization's volunteers.

(15) Functional Expenses

The Organization is a community action agency that administers programs designed to empower families and individuals to realize their full potential in Otsego County, New York. All expenses related to providing these services have been allocated to program services with the exception of certain administrative expenses. Salaries and benefits are allocated among programs and support services based on time and effort. Office and other expenses are allocated based on direct usage.

OPPORTUNITIES FOR OTSEGO, INC.
Notes to Financial Statements, Continued

(16) Contingencies

The Organization has a contingent liability to HHAC in the amount of \$48,205 through April 2027. This contingent liability is related to the purchase and renovation of residences for specified purposes.

Financial awards from Federal, state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liability that may arise from such audits since the amounts, if any, cannot be determined at this date.

OPPORTUNITIES FOR OTSEGO, INC.
Schedule of Expenditures of Federal Awards
Year ended March 31, 2025

<u>Federal Grantor/Passed Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Passed through Number</u>	<u>Award period</u>	<u>Federal expenditures for the year ended March 31, 2025</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Health and Human Services: Passed through New York Office for Children and Family Services:					
Family Violence Prevention and Services:					
Grants for Battered Women's Shelters	93.671	C028804	04/01/24-03/31/25	\$ 114,801	-
Domestic Violence Shelter and Supportive Services	93.671	2202NYFTC6	10/01/21-9/30/24	30,585	-
				<u>145,386</u>	<u>-</u>
Sexual Assault/Rape Crisis Services and Support	93.497	2202NYFSC6	10/01/21-9/30/24	17,349	-
Temporary Assistance for Needy Families - Building Healthy Families	93.558	C028889	07/01/23-06/30/24	103,052	-
Temporary Assistance for Needy Families - Building Healthy Families	93.558	C028889	07/01/24-06/30/25	340,381	-
Passed through Otsego County Department of Social Services:					
Temporary Assistance for Needy Families:					
Building Healthy Families	93.558	25-20240103	01/01/24-12/31/24	27,129	-
Building Healthy Families	93.558	389-20241204	01/01/25-12/31/25	133	-
Transportation Initiative Program	93.558	N/A	01/01/24-12/31/24	7,960	-
Transportation Initiative Program	93.558	N/A	01/01/25-12/31/25	1,860	-
Non-residential Violence Intervention Program	93.558	282-20240904	04/01/24-03/31/25	25,000	-
Domestic Violence Safehouse	93.558	37-20210106	01/01/24-12/31/24	36,571	-
Domestic Violence Safehouse	93.558	37-20210106	01/01/25-12/31/25	20,385	-
Emergency Housing Shelter	93.558	169-20220406	01/01/24-12/31/24	102,663	-
Emergency Housing Shelter	93.558	169-20220406	01/01/25-12/31/25	53,387	-
				<u>718,521</u>	<u>-</u>
Domestic Violence - Non-Residential	93.591	N/A	01/01/24-12/31/24	16,547	-
Domestic Violence - Non-Residential	93.591	N/A	01/01/25-12/31/25	3,490	-
				<u>20,037</u>	<u>-</u>
Community Services Block Grant	93.569	C1001480-05	10/01/19-09/30/24	134,478	-
Community Services Block Grant	93.569	C1002760-01	10/01/24-9/30/29	111,645	-
Community Services Block Grant	93.569	T1002810	04/01/24-9/30/24	12,843	-
				<u>258,966</u>	<u>-</u>
					(Continued)

See accompanying notes to schedule of expenditures of federal awards.

OPPORTUNITIES FOR OTSEGO, INC.
Schedule of Expenditures of Federal Awards, Continued

<u>Federal Grantor/Passed Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Passed through Number</u>	<u>Award period</u>	<u>Federal expenditures for the year ended March 31, 2025</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Health and Human Services, Continued:					
Passed through New York Department of State:					
Head Start (1)	93.600	02CH011436-05	04/01/24-3/31/25	\$ 4,745,236	-
Passed through New York State Homes and Community Renewal:					
Low-Income Home Energy Assistance	93.568	C095540-23	07/01/23-6/30/24	(16,312)	-
Low-Income Home Energy Assistance	93.568	C095540-24	07/01/24-06/30/25	150,932	-
				134,620	-
Total U.S. Department of Health and Human Services				6,040,115	-
U.S. Department of Energy - passed through New York State Homes and Community Renewal:					
Weatherization Assistance for Low-Income Persons	81.042	CO96540-23-BIL	04/01/23-3/31/25	155,033	-
Weatherization Assistance for Low-Income Persons	81.042	C095540-23	07/01/23-6/30/24	146,373	-
Weatherization Assistance for Low-Income Persons - BIL	81.042	C095540-24	07/01/24-9/30/25	66,497	-
Total U.S. Department of Energy				367,903	-
U.S. Department of Justice:					
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	15MOVS-23-GG-02934-TRAN	10/01/23-9/30/26	91,272	-
Passed through New York State Crime Victims Board:					
Crime Victim Assistance	16.575	C11338GG	10/01/23-09/30/24	271,135	-
Crime Victim Assistance	16.575	C11338GG	10/01/24-09/30/25	245,145	-
				516,280	-
Passed through National Association of VOCA Assistance Administrators (NAVAA) - National Crime Victims' Rights Week Community Awareness Project	16.582	25-1839	01/15/25-6/30/25	3,482	-
Total U.S. Department of Justice				611,034	-
U.S. Department of Agriculture - passed through New York State Department of Health:					
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	C38258GG	10/01/23-09/30/24	232,963	-
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	C38258GG	10/01/24-09/30/25	75,683	-
				308,646	-

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

OPPORTUNITIES FOR OTSEGO, INC.
Schedule of Expenditures of Federal Awards, Continued

<u>Federal Grantor/Passed Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Passed through Number</u>	<u>Award period</u>	<u>Federal expenditures for the year ended March 31, 2025</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Agriculture - passed through New York State Department of Health, Continued:					
Child and Adult Care Food Program	10.558	2113	10/01/23-09/30/24	\$ 54,127	-
Child and Adult Care Food Program	10.558	2113	10/01/24-09/30/25	87,582	-
				<u>141,709</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>450,355</u>	<u>-</u>
U.S. Department of Housing and Urban Development - Continuum of Care Program / Rural Homelessness					
Set Aside (1)	14.627	NY1413RC2C112200	10/01/23-09/30/26	<u>215,596</u>	<u>-</u>
Total Federal Awards				<u>\$ 7,685,003</u>	<u>-</u>

(1) Direct Federal Award

See accompanying notes to schedule of expenditures of federal awards.

OPPORTUNITIES FOR OTSEGO, INC.
Notes to Schedule of Expenditures of Federal Awards
March 31, 2025

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs administered by Opportunities for Otsego, Inc. (the Organization). Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the schedule of expenditures of federal awards.

(2) Basis of Accounting

The information is presented on the accrual basis of accounting. The information in this 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).

(3) Relationship to Basic Financial Statements

Federal award expenditures are reported on the statement of functional expenses as program services and any related allowable general and administrative expenses under the category of management and general expenses. In certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the schedule of expenditures of federal awards due to program expenditures exceeding grant or contract budget limitations, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America.

(4) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The de minimis election allows the Organization to allocate 10% of indirect costs to grants with periods ending on or before September 30, 2024 and 15% of indirect costs to grants with periods after September 30, 2024. The Organization does not use the de minimis election.

INDEPENDENT AUDITORS' 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

The Board of Directors
Opportunities for Otsego, Inc.:

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 Opportunities for Otsego, Inc. (the Organization), which comprise the statement of financial position as of March 31, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated August 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, 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 Organization's 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 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 25, 2025

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors
Opportunities for Otsego, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Opportunities for Otsego, Inc.'s (the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended March 31, 2025. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Opportunities for Otsego, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2025.

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 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 the Organization'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 the Organization's federal programs.

Auditors' 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 Auditors' 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
August 25, 2025

OPPORTUNITIES FOR OTSEGO, INC.
Schedule of Findings and Questioned Costs
Year ended March 31, 2025

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- | | | | | |
|--|-------|-----|--------------|---------------|
| 1. Material weakness(es) identified? | _____ | Yes | <u> x </u> | No |
| 2. Significant deficiency(ies) identified? | _____ | Yes | <u> x </u> | None reported |
| 3. Noncompliance material to financial statements noted? | _____ | Yes | <u> x </u> | No |

Federal Awards:

Internal control over major programs:

- | | | | | |
|--|-------|-----|--------------|---------------|
| 4. Material weakness(es) identified? | _____ | Yes | <u> x </u> | No |
| 5. Significant deficiency(ies) identified? | _____ | Yes | <u> x </u> | None reported |

Type of auditors' report issued on compliance for major programs:

Unmodified

- | | | | | |
|--|--------------|-----|--------------|----|
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? | _____ | Yes | <u> x </u> | No |
| 7. The Organization's major program audited was Head Start: 93.600 | | | | |
| 8. Dollar threshold used to distinguish between Type A and Type B programs. | | | \$750,000 | |
| 9. Auditee qualified as low-risk auditee? | <u> x </u> | Yes | _____ | No |

Part II - FINANCIAL STATEMENT FINDINGS

There were no findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs.

OPPORTUNITIES FOR OTSEGO, INC.
Status of Prior Year Audit Findings
March 31, 2025

There were no audit findings with regard to the prior year financial statements (March 31, 2024).