Opportunity Partners, Inc. and Subsidiaries

Consolidated Financial Statements

December 31, 2021 and 2020
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Independent Auditors’ Report

To the Board of Directors of
Opportunity Partners, Inc.

Opinion

We have audited the consolidated financial statements of Opportunity Partners, Inc. and subsidiaries (the Organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2021 and 2020, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, 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 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 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 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 GAAS 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, 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 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 consolidated 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 audit.

Baker Tilly US, LLP

Minneapolis, Minnesota
April 21, 2022
## Consolidated Statements of Financial Position

December 31, 2021 and 2020

### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,234,798</td>
<td>$5,838,224</td>
</tr>
<tr>
<td>Short term investment</td>
<td>3,001,891</td>
<td>-</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts of $116,350 for 2021 and $156,138 for 2020</td>
<td>2,266,066</td>
<td>2,162,362</td>
</tr>
<tr>
<td>Inventories</td>
<td>301,172</td>
<td>222,751</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>319,590</td>
<td>295,610</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$8,123,517</td>
<td>$8,518,947</td>
</tr>
<tr>
<td><strong>Property and Equipment, Net</strong></td>
<td>16,946,613</td>
<td>12,653,409</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments, endowment and other</td>
<td>5,337,603</td>
<td>4,885,615</td>
</tr>
<tr>
<td>Restricted savings</td>
<td>265,500</td>
<td>323,625</td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td>5,603,103</td>
<td>5,209,240</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$30,673,233</td>
<td>$26,381,596</td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$957,187</td>
<td>$1,272,613</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>984,821</td>
<td>1,072,584</td>
</tr>
<tr>
<td>Deferred income</td>
<td>669,941</td>
<td>1,152,934</td>
</tr>
<tr>
<td>Current maturities of long-term debt, net</td>
<td>237,574</td>
<td>191,707</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>2,849,523</td>
<td>3,689,838</td>
</tr>
<tr>
<td><strong>Long-Term Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt, net of debt issuance costs</td>
<td>8,112,911</td>
<td>5,575,942</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>10,962,434</td>
<td>9,265,780</td>
</tr>
</tbody>
</table>

### Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without donor restrictions</td>
<td>14,529,984</td>
<td>12,391,173</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>5,180,815</td>
<td>4,724,643</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>19,710,799</td>
<td>17,115,816</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$30,673,233</td>
<td>$26,381,596</td>
</tr>
</tbody>
</table>

*See notes to consolidated financial statements*
## Opportunity Partners, Inc. and Subsidiaries

**Consolidated Statements of Activities**

_Years Ended December 31, 2021 and 2020_

### Operating Support and Revenue

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$ 403,444</td>
<td>$ 113,719</td>
<td>$ 517,163</td>
<td>$ 659,113</td>
<td>$ 136,667</td>
<td>$ 795,780</td>
</tr>
<tr>
<td>Government grants</td>
<td>929,534</td>
<td>-</td>
<td>929,534</td>
<td>1,088,227</td>
<td>-</td>
<td>1,088,227</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>36,362</td>
<td>-</td>
<td>36,362</td>
<td>32,410</td>
<td>-</td>
<td>32,410</td>
</tr>
<tr>
<td>Special events, net of expense of $35,734 in 2021 and $94,188 in 2020</td>
<td>330,060</td>
<td>-</td>
<td>330,060</td>
<td>(6,458)</td>
<td>-</td>
<td>(6,458)</td>
</tr>
<tr>
<td>Production and contract income</td>
<td>7,601,191</td>
<td>-</td>
<td>7,601,191</td>
<td>6,711,211</td>
<td>-</td>
<td>6,711,211</td>
</tr>
<tr>
<td>Interest income</td>
<td>-</td>
<td>-</td>
<td>11</td>
<td>-</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td>Rental income</td>
<td>449,229</td>
<td>-</td>
<td>444,728</td>
<td>-</td>
<td>-</td>
<td>444,728</td>
</tr>
<tr>
<td>Long-term investment income allocated to operations</td>
<td>10,527</td>
<td>150,103</td>
<td>160,630</td>
<td>10,570</td>
<td>149,565</td>
<td>160,135</td>
</tr>
<tr>
<td>Capital gifts and gains allocated to operations</td>
<td>318,910</td>
<td>-</td>
<td>296,823</td>
<td>-</td>
<td>296,823</td>
<td>296,823</td>
</tr>
<tr>
<td>Training and service fees</td>
<td>19,946,605</td>
<td>-</td>
<td>17,323,079</td>
<td>-</td>
<td>17,323,079</td>
<td>17,323,079</td>
</tr>
<tr>
<td>Other</td>
<td>534,531</td>
<td>-</td>
<td>341,822</td>
<td>-</td>
<td>341,822</td>
<td>341,822</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>30,824,215</td>
<td></td>
<td></td>
<td>27,187,768</td>
</tr>
<tr>
<td></td>
<td>30,560,393</td>
<td>263,822</td>
<td>30,824,215</td>
<td>26,901,536</td>
<td>286,232</td>
<td>27,187,768</td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>452,261</td>
<td>(452,261)</td>
<td>-</td>
<td>506,452</td>
<td>(506,452)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>31,012,654</td>
<td></td>
<td></td>
<td>27,407,988</td>
</tr>
<tr>
<td>Total operating support and revenue</td>
<td>31,012,654</td>
<td>(188,439)</td>
<td>30,824,215</td>
<td>27,407,988</td>
<td>(220,220)</td>
<td>27,187,768</td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vocational services</td>
<td>16,511,155</td>
<td>-</td>
<td>16,511,155</td>
<td>14,891,467</td>
<td>-</td>
<td>14,891,467</td>
</tr>
<tr>
<td>Residential services</td>
<td>9,213,595</td>
<td>-</td>
<td>9,213,595</td>
<td>8,740,968</td>
<td>-</td>
<td>8,740,968</td>
</tr>
<tr>
<td>Management and general</td>
<td>2,780,277</td>
<td>-</td>
<td>2,780,277</td>
<td>2,931,991</td>
<td>-</td>
<td>2,931,991</td>
</tr>
<tr>
<td>Fundraising</td>
<td>327,939</td>
<td>-</td>
<td>327,939</td>
<td>236,635</td>
<td>-</td>
<td>236,635</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>28,832,966</td>
<td></td>
<td></td>
<td>26,801,061</td>
</tr>
<tr>
<td>Change in net assets from operating activities</td>
<td>2,179,688</td>
<td>(188,439)</td>
<td>1,991,249</td>
<td>606,927</td>
<td>(220,220)</td>
<td>386,707</td>
</tr>
</tbody>
</table>

### Nonoperating Activities

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term investment income</td>
<td>43,592</td>
<td>568,396</td>
<td>611,988</td>
<td>45,303</td>
<td>595,387</td>
<td>640,690</td>
</tr>
<tr>
<td>Long-term investment income allocated to operations</td>
<td>(10,527)</td>
<td>(150,103)</td>
<td>(160,630)</td>
<td>(10,570)</td>
<td>(149,565)</td>
<td>(160,135)</td>
</tr>
<tr>
<td>Capital gifts and gains allocated to operations</td>
<td>(318,910)</td>
<td>-</td>
<td>(318,910)</td>
<td>(296,823)</td>
<td>-</td>
<td>(296,823)</td>
</tr>
<tr>
<td>Gain on sale of property and equipment</td>
<td>244,968</td>
<td>-</td>
<td>244,968</td>
<td>23,505</td>
<td>-</td>
<td>23,505</td>
</tr>
<tr>
<td>Contributions restricted for endowment</td>
<td>-</td>
<td>630</td>
<td>630</td>
<td>-</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td>Contributions restricted for long-term purposes</td>
<td>-</td>
<td>225,688</td>
<td>225,688</td>
<td>-</td>
<td>315,044</td>
<td>315,044</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(40,877)</td>
<td>644,611</td>
<td>603,734</td>
<td>(238,585)</td>
</tr>
<tr>
<td>Change in net assets from nonoperating activities</td>
<td>2,138,811</td>
<td>456,172</td>
<td>2,594,983</td>
<td>368,342</td>
<td>540,781</td>
<td>909,123</td>
</tr>
<tr>
<td>Net Assets, Beginning</td>
<td>12,391,173</td>
<td>4,724,643</td>
<td>17,115,816</td>
<td>12,022,831</td>
<td>4,183,862</td>
<td>16,206,693</td>
</tr>
<tr>
<td>Net Assets, Ending</td>
<td>$ 14,529,984</td>
<td>$ 5,180,815</td>
<td>$ 19,710,799</td>
<td>$ 12,391,173</td>
<td>$ 4,724,643</td>
<td>$ 17,115,816</td>
</tr>
</tbody>
</table>

See notes to consolidated financial statements
## Consolidated Statement of Functional Expenses

### Year Ended December 31, 2021

(With Comparative Totals for 2020)

<table>
<thead>
<tr>
<th>Services</th>
<th>Vocational Services</th>
<th>Residential Services</th>
<th>Total Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total Support Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff wages</td>
<td>$8,645,016</td>
<td>$5,866,191</td>
<td>$14,511,207</td>
<td>$1,348,090</td>
<td>$196,994</td>
<td>$1,545,084</td>
<td>$16,056,291</td>
</tr>
<tr>
<td>Client wages</td>
<td>1,152,259</td>
<td>-</td>
<td>1,152,259</td>
<td>882</td>
<td>212</td>
<td>1,094</td>
<td>1,153,353</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>676,791</td>
<td>492,024</td>
<td>1,168,815</td>
<td>95,887</td>
<td>15,007</td>
<td>110,894</td>
<td>1,279,709</td>
</tr>
<tr>
<td>Health and benefit</td>
<td>1,022,546</td>
<td>999,904</td>
<td>2,022,450</td>
<td>253,404</td>
<td>20,631</td>
<td>274,035</td>
<td>2,296,485</td>
</tr>
<tr>
<td>Covid staffing, payroll taxes &amp; health benefits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total salaries and related expenses</strong></td>
<td>$11,496,612</td>
<td>7,358,119</td>
<td>18,854,731</td>
<td>1,698,263</td>
<td>232,844</td>
<td>1,931,107</td>
<td>20,785,838</td>
</tr>
<tr>
<td>Interest</td>
<td>15,248</td>
<td>20,473</td>
<td>35,721</td>
<td>194,060</td>
<td>81</td>
<td>194,141</td>
<td>229,962</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>6,832</td>
<td>10,520</td>
<td>17,352</td>
<td>5,823</td>
<td>4,586</td>
<td>10,409</td>
<td>98,854</td>
</tr>
<tr>
<td>Postage and freight</td>
<td>87,587</td>
<td>858</td>
<td>88,445</td>
<td>5,823</td>
<td>4,586</td>
<td>10,409</td>
<td>98,854</td>
</tr>
<tr>
<td>Professional fees</td>
<td>401,704</td>
<td>187,770</td>
<td>589,474</td>
<td>342,348</td>
<td>41,916</td>
<td>357,264</td>
<td>946,738</td>
</tr>
<tr>
<td>Occupancy</td>
<td>1,332,973</td>
<td>877,517</td>
<td>2,210,490</td>
<td>192,634</td>
<td>5,756</td>
<td>198,390</td>
<td>2,408,880</td>
</tr>
<tr>
<td>Early termination of lease expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Supplies and program activities</td>
<td>2,006,996</td>
<td>348,649</td>
<td>2,355,645</td>
<td>64,155</td>
<td>20,363</td>
<td>84,518</td>
<td>2,440,163</td>
</tr>
<tr>
<td>Transportation</td>
<td>516,306</td>
<td>105,929</td>
<td>622,235</td>
<td>1,445</td>
<td>146</td>
<td>1,591</td>
<td>623,826</td>
</tr>
<tr>
<td>Professional development and conferences</td>
<td>27,473</td>
<td>15,411</td>
<td>42,884</td>
<td>54,313</td>
<td>969</td>
<td>55,282</td>
<td>98,166</td>
</tr>
<tr>
<td>Miscellaneous expense</td>
<td>47,873</td>
<td>118,144</td>
<td>166,017</td>
<td>31,721</td>
<td>42,189</td>
<td>73,910</td>
<td>239,927</td>
</tr>
<tr>
<td>Covid supplies &amp; interest expense</td>
<td>26,628</td>
<td>-</td>
<td>26,628</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>26,628</td>
</tr>
<tr>
<td><strong>Total expenses before depreciation</strong></td>
<td>$15,966,232</td>
<td>9,043,390</td>
<td>25,009,622</td>
<td>2,620,585</td>
<td>326,217</td>
<td>2,946,802</td>
<td>27,956,424</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>544,923</td>
<td>170,205</td>
<td>715,128</td>
<td>159,692</td>
<td>1,722</td>
<td>161,414</td>
<td>876,542</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$16,511,155</td>
<td>$9,213,595</td>
<td>$25,724,750</td>
<td>$2,780,277</td>
<td>$327,939</td>
<td>$3,108,216</td>
<td>$28,832,966</td>
</tr>
</tbody>
</table>

See notes to consolidated financial statements
## Consolidated Statement of Functional Expenses
### Year Ended December 31, 2020

<table>
<thead>
<tr>
<th>Staff wages</th>
<th>Residential Services</th>
<th>Total Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total Support Services</th>
<th>2020 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$7,315,151</td>
<td>$5,418,856</td>
<td>$12,734,007</td>
<td>$1,303,306</td>
<td>$154,353</td>
<td>$1,457,659</td>
<td>$14,191,666</td>
</tr>
<tr>
<td>Client wages</td>
<td></td>
<td>845,758</td>
<td>1,081</td>
<td>120</td>
<td>1,201</td>
<td>847,079</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td></td>
<td>597,463</td>
<td>5,418,878</td>
<td>107,563</td>
<td>13,518</td>
<td>121,081</td>
</tr>
<tr>
<td>Health and benefit</td>
<td></td>
<td>1,017,632</td>
<td>1,948,371</td>
<td>127,028</td>
<td>10,733</td>
<td>137,761</td>
</tr>
<tr>
<td>Covid staffing, payroll taxes &amp; health benefits</td>
<td></td>
<td>560,953</td>
<td>775,070</td>
<td>57,842</td>
<td>2,718</td>
<td>60,560</td>
</tr>
</tbody>
</table>

Total salaries and related expenses

<table>
<thead>
<tr>
<th>Interest</th>
<th>Dues and subscriptions</th>
<th>Postage and freight</th>
<th>Professional fees</th>
<th>Occupancy</th>
<th>Early termination of lease expense</th>
<th>Supplies and program activities</th>
<th>Transportation</th>
<th>Professional development and conferences</th>
<th>Miscellaneous expense</th>
<th>Covid supplies &amp; interest expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>25,301</td>
<td>1,660</td>
<td>94,790</td>
<td>27,246</td>
<td>1,195,916</td>
<td>68,709</td>
<td>1,736,376</td>
<td>594,370</td>
<td>23,800</td>
<td>164,026</td>
<td>83,406</td>
</tr>
</tbody>
</table>

Total expenses before depreciation

<table>
<thead>
<tr>
<th>Depreciation</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>538,910</td>
<td>265,686</td>
<td>804,596</td>
<td>141,195</td>
<td>1,674</td>
<td>142,869</td>
<td>947,465</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total expenses

$14,891,467 | $8,740,968 | $23,632,435 | $2,931,991 | $236,635 | $3,168,626 | $26,801,061
Opportunity Partners, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows From Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$2,594,983</td>
<td>$909,123</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>876,542</td>
<td>947,465</td>
</tr>
<tr>
<td>Amortization of debt issuance costs</td>
<td>3,792</td>
<td>-</td>
</tr>
<tr>
<td>Gain on disposal of property and equipment, net</td>
<td>(244,968)</td>
<td>(23,505)</td>
</tr>
<tr>
<td>Gain on long-term investments</td>
<td>(516,764)</td>
<td>(555,989)</td>
</tr>
<tr>
<td>Contributions restricted for long-term purposes</td>
<td>(226,318)</td>
<td>(315,179)</td>
</tr>
<tr>
<td>Change in allowance for doubtful accounts receivable</td>
<td>39,788</td>
<td>24,490</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(143,492)</td>
<td>576,476</td>
</tr>
<tr>
<td>Inventories</td>
<td>(78,422)</td>
<td>(51,069)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(23,980)</td>
<td>(5,188)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(366,383)</td>
<td>(488,786)</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>(87,763)</td>
<td>(170,896)</td>
</tr>
<tr>
<td>Deferred income</td>
<td>(482,993)</td>
<td>1,027,031</td>
</tr>
<tr>
<td>Net cash flows from operating activities</td>
<td>1,344,022</td>
<td>1,893,892</td>
</tr>
</tbody>
</table>

| **Cash Flows From Investing Activities** |            |            |
| Proceeds from sale of property and equipment | 292,399    | 23,505     |
| Purchase of property and equipment         | (2,687,532)| (787,271)  |
| Purchases of investments                   | (3,097,114)| (441,341)  |
| Proceeds from sale of investments          | 160,000    | 516,640    |
| Net cash flows from investing activities    | (5,332,247)| (688,467)  |

| **Cash Flows From Financing Activities** |            |            |
| Proceeds from issuance of long-term debt   | 416,358    | -          |
| Principal payments on long-term debt       | (190,314)  | (181,330)  |
| Contributions received restricted for long-term purposes | 100,630    | 300,135    |
| Net cash flows from financing activities    | 326,674    | 118,805    |
| Net change in cash and cash equivalents    | (3,661,551)| 1,324,230  |

| **Cash, Cash Equivalents and Restricted Cash, Beginning** | 6,161,849 | 4,837,619 |

| **Cash, Cash Equivalents and Restricted Cash, Ending** | $2,500,298 | $6,161,849 |

| **Supplemental Cash Flow Disclosures** |            |            |
| Cash paid for interest               | $226,070   | $277,741   |

| **Noncash Investing and Financing Activities** |            |            |
| Property and equipment purchases included in accounts payable | $6,534     | $57,491    |
| Noncash donation of property and equipment | $125,688   | $15,044    |
| Property acquired through debt        | $2,353,000 | -          |
| Issuance of debt to retire existing debt | $5,758,642 | -          |

See notes to consolidated financial statements

7
1. Summary of Significant Accounting Policies

Principles of Consolidation and Nature of Activities

The consolidated financial statements include Opportunity Partners, Inc. and its wholly owned subsidiaries OP Social Enterprises, LLC and OP Properties, LLC, disregarded entities as defined by the Internal Revenue Service. Opportunity Partners, Inc., OP Social Enterprises, LLC and OP Properties, LLC are collectively referred to as (the Organization). The economic interest and control factors between the organizations require a consolidated financial statement presentation. All material inter-organization transactions and accounts have been eliminated.

The Organization supports choices for people with disabilities through innovative services and strategic collaborations, assisting adults with disabilities to live, learn and work – adding value to their lives and communities.

Established in 1953, Opportunity Partners helps people with disabilities live, learn and work more independently. The Organization supports approximately 1,700 people with disabilities each year. With services spanning from early adulthood to seniors, Opportunity Partners has a wide variety of programs to ensure that people with disabilities have the opportunity to lead rewarding, productive lives full of purpose and meaning.

Programs include, but are not limited to:

- **Employment services** for adults with developmental/intellectual disabilities, brain injury, autism and other special needs. These services include independent employment, supported employment, job skills training and temporary/flexible employment.

- **Production services** such as packaging, assembly and direct mailing. These services, operated by Opportunity Partners, provide people with disabilities with a variety of work experience.

- **Residential services** for people with disabilities. These services include group homes and services for independent and semi-independent living in apartments or at home with family members.

- **Educational services** for people with disabilities with a focus on learning skills for greater independence like cooking, money management and civic engagement.

OP Social Enterprises, LLC supports people with disabilities in a work setting. Programs include, but are not limited to, the following:

- **Employment services** for adults with developmental/intellectual disabilities, brain injury, autism and other special needs. These services include supported employment and job skills training.

- **Production services** such as packaging, assembly and direct mailing. These services, operated by Opportunity Partners, involve people with disabilities in a variety of work experience.

OP Properties, LLC is the legal entity formed in 2018 to purchase a building to support programs.
Cash and Cash Equivalents

The Organization considers highly liquid investments, except those held for long-term investment, with a maturity of three months or less when purchased to be cash equivalents. Cash in excess of FDIC and similar insurance coverage is subject to the usual banking risks of funds in excess of those limits.

The restricted savings includes proceeds from a home sale restricted to the purchase of another residential home, donations due to a residential home fire restricted to the replacement of the home, gifts from a donor restricted to purpose and donations from a capital campaign restricted in purpose.

The following table provides a reconciliation of cash, cash equivalents and restricted cash on the statements of cash flows to the amount reported within the consolidated statement of financial position:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,234,798</td>
<td>$5,838,224</td>
</tr>
<tr>
<td>Restricted savings</td>
<td>265,500</td>
<td>323,625</td>
</tr>
<tr>
<td><strong>Total cash, cash equivalents and restricted deposits</strong></td>
<td><strong>$2,500,298</strong></td>
<td><strong>$6,161,849</strong></td>
</tr>
</tbody>
</table>

Accounts Receivable

Accounts receivable are stated at cost. Bad debts are provided on the reserve method based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. Receivables are generally unsecured.

Inventories

Inventories, which consist of supplies used in various programs of the Organization, are stated at the lower of cost or market, with cost determined on the first-in, first-out basis.

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in net assets without donor-restrictions unless the income or loss is restricted by donor or law.

Property and Equipment

Property and equipment are stated at cost if purchased or fair market value at date of the gift if donated. All acquisitions of property and equipment in excess of $1,000 and all expenditures for repairs, maintenance, improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Property and equipment are depreciated using the straight-line method over their estimated useful lives.
Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Unemployment Compensation

The Organization has elected to self-insure unemployment tax claims. Any amounts incurred will be recorded as expense when incurred.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

*Without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations.

*With Donor Restrictions* - Net assets subject to donor-imposed stipulations that will be met by action of the Organization and/or passage of time. Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

With respect to net assets with donor restrictions, the Organization has adopted the following accounting policy:

**Reporting as Donor-Restricted Revenues**

Contributions and investment income received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the donor-restricted net asset class, and a reclassification to the without donor-restricted net asset class is made to reflect the expiration of such restrictions.

Board Designated Net Assets

The Organization’s Board of Directors has the ability to designate identified amounts of net assets without restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. The Board of Directors has designated a portion of their net assets for endowment purposes (see Note 8).

Tax-Exempt Status

Opportunity Partners, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes. However, any unrelated business income may be subject to taxation. The Organization is not currently under examination by any taxing jurisdiction. OP Social Enterprises, LLC and OP Properties, LLC are separate legal entities for state law and bankruptcy purposes. However, because Opportunity Partners, Inc. is the sole member of OP Social Enterprises, LLC and OP Properties, LLC, activities of OP Social Enterprises, LLC and OP Properties, LLC are included in the Section 501(c)(3) tax filings of Opportunity Partners, Inc.
In accordance with the accounting standard on *Accounting for Uncertainty in Income Taxes*, the Organization addresses the determination of whether tax benefits claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merit of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. There were no unrecognized tax benefits identified or recorded as liabilities during 2021 and 2020.

**Revenue Recognition**

Contributions, including unconditional promises to give, are recognized as revenues in the period received and are reported as increases in the appropriate categories of net assets in accordance with donor restrictions. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return or release from future obligations - are not recognized until the conditions on which depend have been met. Current contributions receivable are expected to be collected during the next year and are recorded at net realizable value. Long term contributions receivable are recorded at net present value.

The Organization reports gifts of cash and other assets as support with donor restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor-restrictions are reclassified to net assets without donor-restrictions and reported in the statement of activities as net assets released from restrictions.

**Training and Service Fees**

The Organization recognizes contract revenue for training and service fees as the performance obligations are satisfied under the terms of the contracts with the State of Minnesota and various counties. Performance obligations relating to training service fees include day training and habilitation services, semi-independent living services and employment services. The services are recognized and billed based on the transaction prices as stated in the various contracts by increments ranging from 15 minutes to an entire day.

**Production and Contract Income**

The Organization recognizes production and contract income as the performance obligations are satisfied under the terms of the contracts with the customers. Performance obligations include assembly, packaging and delivery services provided by the Organization and are recognized and billed based on the fixed transaction prices provided for in the contracts.

**Donated Services**

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Such services totaled $119,082 and $8,957 for the years ended December 31, 2021 and 2020, respectively, and are reflected as support and expense on the statement of activities.

**Expense Allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, costs such as facility and training expenses have been allocated among the programs and supporting services benefited. The allocations are determined by management and are based on square footage, usage, number of vehicles, budgeted percentages and weighted allocations, depending on the category of expense.
Advertising

Advertising costs are expensed as incurred.

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 and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

The Organization made certain reclassifications in the 2020 consolidated financial statements in order to conform to presentation in 2021. These reclassifications had no impact on net assets or the change in net assets as previously reported.

New Accounting Pronouncement Not Yet Effective

During February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. FASB has issued subsequent standards that deferred the implementation date. Topic 842 (as amended) is effective for annual periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption is permitted. The Organization is currently assessing the effect that Topic 842 (as amended) will have on its consolidated financial statements.

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The standard will be required to be applied retrospectively for annual periods beginning after June 15, 2021. Early adoption is permitted. The Organization is currently assessing the effect that ASU No. 2020-07 will have on its consolidated financial statements.
2. Liquidity and Availability of Financial Resources

The following table reflects the Organization’s financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other financial assets that are excluded from this measure of liquidity include endowments and accumulated earnings restricted by donors or the Organization’s Board of Directors and reserves that can only be used for specific capital projects.

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,234,798</td>
<td>$5,838,224</td>
</tr>
<tr>
<td>Short term investment</td>
<td>3,001,891</td>
<td>-</td>
</tr>
<tr>
<td>Restricted savings</td>
<td>265,500</td>
<td>323,625</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>2,266,066</td>
<td>2,162,362</td>
</tr>
<tr>
<td>Investments, endowment and other</td>
<td>5,337,603</td>
<td>4,885,615</td>
</tr>
<tr>
<td><strong>Financial assets at December 31</strong></td>
<td><strong>13,105,858</strong></td>
<td><strong>13,209,826</strong></td>
</tr>
</tbody>
</table>

Less those unavailable for general expenditure within one year:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment assets restricted by donors</td>
<td>4,934,315</td>
<td>4,515,395</td>
</tr>
<tr>
<td>Endowment assets restricted by the Board of Directors</td>
<td>403,288</td>
<td>370,223</td>
</tr>
<tr>
<td>Endowment assets appropriation for next year</td>
<td>(190,000)</td>
<td>(160,000)</td>
</tr>
<tr>
<td>Bond proceeds and reserves restricted by use</td>
<td>265,500</td>
<td>323,625</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets not available for expenditure within one year</strong></td>
<td><strong>5,413,103</strong></td>
<td><strong>5,049,243</strong></td>
</tr>
</tbody>
</table>

Financial assets available to meet cash needs for general expenditure within one year

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets available to meet cash needs for general expenditure within one year</strong></td>
<td><strong>$7,692,755</strong></td>
<td><strong>$8,160,583</strong></td>
</tr>
</tbody>
</table>

The Organization’s practice is to structure its financial assets to be available as its general expenses, liabilities and obligations come due and targets a minimum of 60 days of operating expense coverage at any point in time.

3. Fair Value of Financial Instruments and Investments

The Organization follows the accounting guidance on fair value measurements. Fair value is defined in the guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liabilities in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which is based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.
Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table summarizes financial instruments measured at fair value on a recurring basis by classification within the fair value hierarchy as of December 31, 2021:

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic fixed income</td>
<td>$4,115,337</td>
<td>$4,115,337</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>International fixed income</td>
<td>224,421</td>
<td>224,421</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Domestic equity securities</td>
<td>2,491,189</td>
<td>2,491,189</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>International equity securities</td>
<td>1,508,547</td>
<td>1,508,547</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$8,339,494</td>
<td>$8,339,494</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The following table summarizes financial instruments measured at fair value on a recurring basis by classification within the fair value hierarchy as of December 31, 2020:

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic fixed income</td>
<td>$1,149,023</td>
<td>$1,149,023</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>International fixed income</td>
<td>229,507</td>
<td>229,507</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Domestic equity securities</td>
<td>2,076,191</td>
<td>2,076,191</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>International equity securities</td>
<td>1,430,894</td>
<td>1,430,894</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$4,885,615</td>
<td>$4,885,615</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Mutual funds are classified as Level 1 as they trade in an active market for which close market prices are readily available.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The Organization has not changed any of its fair value methodologies during 2021 or 2020.

Income (loss) from investment securities is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$115,273</td>
<td>$101,510</td>
</tr>
<tr>
<td>Net realized gains</td>
<td>52,357</td>
<td>48,453</td>
</tr>
<tr>
<td>Net unrealized gains</td>
<td>464,407</td>
<td>507,536</td>
</tr>
<tr>
<td>Less fees</td>
<td>(20,049)</td>
<td>(16,819)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$611,988</td>
<td>$640,690</td>
</tr>
</tbody>
</table>
The Board of Directors designates only a portion of the cumulative investment return for support of current operations. The amount allocated to operations for the years ended December 31, 2021 and 2020 was approximately $160,000.

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

4. Property and Equipment

The major categories of property and equipment at December 31 are summarized as follows:

<table>
<thead>
<tr>
<th>Depreciable Lives</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$4,112,873</td>
<td>$2,408,973</td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>10 - 50 years</td>
<td>19,811,108</td>
</tr>
<tr>
<td>Production equipment</td>
<td>6 years</td>
<td>1,039,821</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>4 - 6 years</td>
<td>559,984</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>4 years</td>
<td>1,792,464</td>
</tr>
<tr>
<td>Computer equipment and software</td>
<td>4 – 10 years</td>
<td>672,467</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>3,000</td>
<td>(11,045,104)</td>
</tr>
</tbody>
</table>

Total property and equipment $27,991,717 $24,853,349

Less accumulated depreciation (11,045,104) (12,199,940)

Net property and equipment $16,946,613 $12,653,409

5. Training and Service Fees

Training and service fees as of December 31 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day training and habilitation</td>
<td>$8,358,071</td>
<td>$5,409,021</td>
</tr>
<tr>
<td>Supported employment</td>
<td>1,062,608</td>
<td>852,487</td>
</tr>
<tr>
<td>Vocational services</td>
<td>83,065</td>
<td>143,292</td>
</tr>
<tr>
<td>Supported living services</td>
<td>7,103,686</td>
<td>7,525,547</td>
</tr>
<tr>
<td>BI program</td>
<td>186,408</td>
<td>339,423</td>
</tr>
<tr>
<td>Independent living</td>
<td>1,815,598</td>
<td>1,663,739</td>
</tr>
<tr>
<td>Semi-independent living skills</td>
<td>1,337,169</td>
<td>1,389,570</td>
</tr>
</tbody>
</table>

Total $19,946,605 $17,323,079
6. Long-Term Debt, Net

<table>
<thead>
<tr>
<th>Loan Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wells Fargo loan issued in June 2018 for purchase of building at 10320 Bren Road, Minnetonka, MN.</td>
<td>$3,142,500</td>
<td>$2,971,965</td>
</tr>
<tr>
<td>Principal and interest due monthly until July 1, 2028, when final payment is due. The interest rate is 4.2%, secured by a mortgage on the land and building at 10320 Bren Road, Minnetonka, MN. Loan was paid off in June 2021 with proceeds from loan as described below.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wells Fargo loan issued in June 2018 for repayment of outstanding debt as well as the purchase and improvements of building at 10320 Bren Road, Minnetonka, MN. Principal and interest due monthly until July 1, 2023, when final payment is due. The interest rate is 4.05%, secured by a mortgage on the land and facility at 5500 Opportunity Court, Minnetonka, MN. Loan was paid off in June 2021 with proceeds from loan as described below.</td>
<td></td>
<td>2,795,684</td>
</tr>
<tr>
<td>Spire Loan issued in June 2021 to refinance Wells Fargo loan. Principal and interest due monthly until June 10, 2031, when final payment is due. The interest rate is 2.9%, collateralized by the Bren Road building.</td>
<td>2,884,018</td>
<td></td>
</tr>
<tr>
<td>Spire Loan issued in June 2021 to refinance Wells Fargo loan and to provide down payment for building at 9805 45th Avenue, Plymouth, MN, in September 2021. Principal and interest due monthly until June 10, 2031, when final payment is due. The interest rate is 2.9%, collateralized by the Koch building.</td>
<td>3,204,419</td>
<td></td>
</tr>
<tr>
<td>Spire Loan issued in September 2021 for purchase of the building at 9805 45th Avenue, Plymouth, MN.</td>
<td></td>
<td>2,343,882</td>
</tr>
<tr>
<td>Principal and interest due monthly until September 10, 2031, when final payment is due. The interest rate is 2.9%, collateralized by the building.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8,423,319</td>
<td>5,767,649</td>
</tr>
<tr>
<td>Less debt issuance costs</td>
<td>(72,834)</td>
<td></td>
</tr>
<tr>
<td>Less current maturities</td>
<td>(237,574)</td>
<td>(191,707)</td>
</tr>
<tr>
<td>Total long-term debt, net</td>
<td>$8,112,911</td>
<td>$5,575,942</td>
</tr>
</tbody>
</table>

The Spire loans issued in 2021 require that the Organization meet certain financial covenants including a debt service ratio, as defined in the agreements, of not less than 1.0x. The Organization is in compliance with the financial covenants as of December 31, 2021.
Principal requirements on long-term debt for years ending after December 31, 2021 are as follows:

<table>
<thead>
<tr>
<th>Years ending December 31</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$ 237,574</td>
</tr>
<tr>
<td>2023</td>
<td>244,212</td>
</tr>
<tr>
<td>2024</td>
<td>251,282</td>
</tr>
<tr>
<td>2025</td>
<td>259,422</td>
</tr>
<tr>
<td>2026</td>
<td>267,153</td>
</tr>
<tr>
<td>Thereafter</td>
<td>7,163,676</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 8,423,319</strong></td>
</tr>
</tbody>
</table>

7. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 consist of:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program and opportunities fund</td>
<td>$ 246,500</td>
<td>$ 209,251</td>
</tr>
<tr>
<td>Endowment funds</td>
<td>4,934,315</td>
<td>4,515,392</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 5,180,815</strong></td>
<td><strong>$ 4,724,643</strong></td>
</tr>
</tbody>
</table>

8. Endowment

The Organization’s endowment consists of approximately 48 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted in the State of Minnesota as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as with donor-restricted net assets (a) the original value of gifts donated to the with donor-restricted endowment, (b) the original value of subsequent gifts to the with donor-restricted endowment, and (c) accumulations to the with donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in with donor-restricted net assets is classified as without donor-restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization

7. The investment policies of the Organization

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets, and growing stream of annual distributions in support of the Opportunity Partners mission. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds.

The Organization has an investment policy that determines a maximum spending rate of 4% applied to a three year moving average of year end endowment assets in which the distribution is planned. Spending is subject to annual Board approval. In establishing this policy, the Organization considered the long-term expected return on its endowment. Under this policy, the endowment assets are invested in a manner that is intended to produce results that meet or exceed the return on a globally diversified balanced portfolio while assuming a moderate level of investment risk.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2021 or 2020.

The following table summarizes endowment net asset composition by type of fund as of December 31, 2021:

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-restricted funds</td>
<td>$ 403,288</td>
<td>$ 4,934,315</td>
</tr>
<tr>
<td>Board-designated funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total funds</td>
<td>$ 403,288</td>
<td>$ 4,934,315</td>
</tr>
</tbody>
</table>

The following table summarizes endowment net asset composition by type of fund as of December 31, 2020:

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-restricted funds</td>
<td>$ 370,223</td>
<td>$ 4,515,392</td>
</tr>
<tr>
<td>Board-designated funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total funds</td>
<td>$ 370,223</td>
<td>$ 4,515,392</td>
</tr>
</tbody>
</table>
Change in endowment net assets for December 31, 2021 and 2020 are as follows:

<table>
<thead>
<tr>
<th>Endowment net assets, January 1, 2020</th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without Donor Restrictions</td>
<td>$ 335,490</td>
<td>$ 4,069,435</td>
<td>$ 4,404,925</td>
</tr>
<tr>
<td>With Donor Restrictions</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Investment return:
- Investment income, net of fees: 5,989  78,712  84,701
- Net appreciation (realized and unrealized): 39,314  516,675  555,989

Total investment return: 45,303  595,387  640,690

Contributions: -

Appropriation of endowment assets for expenditure:

Endowment net assets, December 31, 2020: 370,223  4,515,392  4,885,615

Investment return:
- Investment income, net of fees: 6,783  88,441  95,224
- Net appreciation (realized and unrealized): 36,809  479,955  516,764

Total investment return: 43,592  568,396  611,988

Contributions: - 630  630

Appropriation of endowment assets for expenditure:

Endowment net assets, December 31, 2021: $ 403,288  $ 4,934,315  $ 5,337,603

9. Operating Leases

The Organization leases various buildings and equipment that are classified as operating leases. Future minimum lease payments as of December 31, 2021 are as follows:

<table>
<thead>
<tr>
<th>Years ending December 31:</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 381,887</td>
<td>$ 37,992</td>
<td>$ 10,512</td>
<td>$ 9,757</td>
<td>$ 440,148</td>
</tr>
</tbody>
</table>

Rent expense on the operating leases was $1,179,570 and $1,282,165 for the years ended December 31, 2021 and 2020, respectively.
The Organization leases a portion of their 10320 Bren Road facility to an unrelated party. Future lease receipts as of December 31, 2021 are as follows:

<table>
<thead>
<tr>
<th>Years ending December 31:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$296,881</td>
</tr>
<tr>
<td>2023</td>
<td>304,303</td>
</tr>
<tr>
<td>2024</td>
<td>311,910</td>
</tr>
<tr>
<td>2025</td>
<td>319,709</td>
</tr>
<tr>
<td>2026</td>
<td>327,701</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,560,503</strong></td>
</tr>
</tbody>
</table>

Rent revenue was $289,640 and $282,575 for the years ended December 31, 2021 and 2020, respectively.

The Organization leases a portion of their 9805 45th facility to an unrelated party. Future lease receipts as of December 31, 2021 are as follows:

<table>
<thead>
<tr>
<th>Year ending December 31:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$42,500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$42,500</strong></td>
</tr>
</tbody>
</table>

Rent revenue was $14,013 and $0 for the years ended December 31, 2021 and 2020, respectively.

10. Retirement Plan

The Organization has a 403(b) and a 457(b) tax deferred annuity plan covering all eligible employees. Opportunity Partners, Inc. makes discretionary contributions to the plans. Contributions are determined by the Board of Directors. Retirement plan expense was $121,897 and $500 for the years ended December 31, 2021 and 2020, respectively.

11. Commitments and Contingencies

Financial awards from federal, state and local governments 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 liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

The Organization is involved in legal and regulatory matters as part of the normal course of business activities. While the outcome of these matters is uncertain, management anticipates resolution that will not have a material impact on the Organization’s financial position.
12. Concentrations

The Organization received approximately $17,768,000 and $16,043,000 of its funding from the State of Minnesota during the years ended December 31, 2021 and 2020, respectively. Accounts receivable are primarily from the State of Minnesota.

The Organization provides services within the Greater Twin Cities area. The amounts due for services provided are from local individuals or their third-party payers. In addition, grants and contributions receivable are from local residents, governments or institutions. Pledges receivable are due from a limited number of donors. Due to periodic changes in the State of Minnesota budget, it is possible that in 2022 or beyond, the Organization may experience some reduction in state funding.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, marketable securities, accounts receivable and the interest rate exchange agreement. Cash balances periodically exceed federally insured limits. Marketable securities, consisting of both debt and equity instruments are generally placed in a managed fund administered by an investment manager.

13. Impact of COVID-19

As a result of the spread of the COVID-19 coronavirus pandemic, on March 18, 2020, five of the Organization’s facilities stopped providing day services resulting in a significant decrease in the Organization’s revenue stream, as well as staff furloughs. The pandemic also resulted in additional staffing requirements at the Organization’s residential facilities to support the stay at home requirements. The operational and financial impact of the COVID-19 pandemic continued during 2021 with day services re-opening later in the year, but at a very limited capacity to support social distancing and face mask protocols. Some virtual services were offered.

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law to combat the financial effects of COVID-19. The CARES Act created a Provider Relief Fund to provide financial support for hospitals and other healthcare providers. The Organization received approximately $493,139 of this funding in 2021. In accordance with the original terms and conditions, the Organization could apply the funding against lost revenues and eligible expenses. Noncompliance with the terms and conditions could result in repayment of some or all of the support. The Department of Health and Human Services (HHS) has indicated Relief Fund payments are subject to future reporting and audit requirements.

The Organization has incurred lost revenues and eligible expenses in accordance with the original terms and conditions of the Provider Relief Fund as of December 31, 2021 of approximately $930,000, which are included in government grants in the consolidated statement of activities. The remaining $493,139 is included in deferred income on the December 31, 2021 consolidated statement of financial position as the Organization has determined the recognition criteria has not yet been met as of year-end.

14. Subsequent Events

The Organization has evaluated subsequent events through April 21, 2022, which is the date that the consolidated financial statements were available for issue.