
PRO-VISION, INC.

REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 and 2023

BREEDLOVE & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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BREEDLOVE & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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JILL A. HENZE, CPA
President

NICOLE BREEDLOVE HUNT, CPA
CEO

INDEPENDENT AUDITORS' REPORT

May 12, 2025

Board of Directors
Pro-Vision, Inc.
Houston, Texas

Opinion

We have audited the accompanying financial statements of Pro-Vision, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pro-Vision, Inc. as of December 31, 2024 and 2023, and the changes in the 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. 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 Pro-Vision, Inc., 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 Pro-Vision, Inc.'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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pro-Vision, Inc.'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 Pro-Vision, Inc.'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.

Breallone & Co., P.C.

PRO-VISION, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 111 711	\$ 295 836
Restricted cash	21 601	102 706
Accounts receivable	-	6 584
Grants and promises to give receivable	-	288 301
Other receivables	671 303	20 799
Due from affiliate	130 808	-
Prepaid expenses	66 490	80 726
Investments	11 775	6 683
Property and equipment, net	15 110 505	14 764 499
Other assets	64 402	33 109
Right-of-use operating leases	169 274	34 768
Lease receivable	2 943 792	4 735 900
Total Assets	\$ 19 301 661	\$ 20 369 911
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 19 479	\$ 32 344
Accrued expenses	306 269	304 085
Other liabilities	190 426	104 637
Due to affiliate	-	50 000
Unearned revenue	-	66 400
Notes payable	5 003 159	3 738 845
Right-of-use operating leases	178 339	33 307
Deferred lease income	2 929 853	4 515 200
Total Liabilities	8 627 525	8 844 818
Net assets without donor restrictions	10 674 136	10 984 975
Net assets with donor restrictions	-	540 118
Total Net Assets	10 674 136	11 525 093
Total Liabilities and Net Assets	\$ 19 301 661	\$ 20 369 911

See the Accompanying Independent Auditors' Report and Notes to Financial Statements.

PRO-VISION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	Without Donor Restrictions	With Donor Restrictions	2024	2023
Support and Revenues				
Grants and contributions	\$ 1 361 129	\$ 15 432	\$ 1 376 561	\$ 1 389 297
Rental income	333 975	-	333 975	796 800
Investment income, net	2 738	-	2 738	5 921
Other income	606	-	606	1 901
Product sales	-	-	-	17 765
Net assets released from restrictions	555 550	(555 550)	-	-
Total Support and Revenues	2 253 998	(540 118)	1 713 880	2 211 684
Expenses				
Program Services				
Community outreach	318 319	-	318 319	244 376
Urban farm	543 942	-	543 942	631 520
Affordable housing	458 710	-	458 710	433 956
Character development	869 433	-	869 433	842 759
Total Program Services	2 190 404	-	2 190 404	2 152 611
Support Services				
Management and general	228 961	-	228 961	201 976
Fundraising	145 472	-	145 472	317 256
Total Supporting Services	374 433	-	374 433	519 232
Total Expenses	2 564 837	-	2 564 837	2 671 843
Change in Net Assets	(310 839)	(540 118)	(850 957)	(460 159)
Net Assets at Beginning of Year	10 984 975	540 118	11 525 093	11 985 252
Net Assets at End of Year	\$ 10 674 136	\$ -	\$ 10 674 136	\$ 11 525 093

See the Accompanying Independent Auditors' Report and Notes to Financial Statements.

PRO-VISION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Program Services					Supporting Services			Total
	Community	Urban Farm	Affordable	Character	Total Program	Management	Fundraising	Supporting	
	Outreach		Housing	Development	Services	and General		Services	
Salaries and Related Expenses									
Employee benefits	\$ 15 381	\$ 27 686	\$ 30 762	\$ 61 524	\$ 135 353	\$ 18 457	\$ -	\$ 18 457	\$ 153 810
Payroll taxes	4 877	8 778	9 753	19 506	42 914	5 851	-	5 851	48 765
Salaries and wages	56 214	173 001	112 427	298 565	640 207	67 609	-	67 609	707 816
Total Salaries and Related Expenses	<u>76 472</u>	<u>209 465</u>	<u>152 942</u>	<u>379 595</u>	<u>818 474</u>	<u>91 917</u>	<u>-</u>	<u>91 917</u>	<u>910 391</u>
Other Expenses									
Advertising and promotion	874	1 682	1 747	3 494	7 797	1 049	125	1 174	8 971
Banking fees	134	366	268	535	1 303	160	3	163	1 466
Charitable Services	-	-	-	-	-	-	14 675	14 675	14 675
Computer and internet	599	2 912	1 198	2 932	7 641	718	768	1 486	9 127
Consultant fees	5 750	10 350	42 500	23 000	81 600	6 900	-	6 900	88 500
Contracted labor	40	47 572	80	160	47 852	48	-	48	47 900
Depreciation and amortization	45 722	82 301	91 444	182 888	402 355	54 872	-	54 872	457 227
Dues and subscriptions	630	1 799	1 259	2 600	6 288	756	790	1 546	7 834
Equipment lease	524	943	1 048	2 096	4 611	628	-	628	5 239
Events	5	10	11	1 224	1 250	6	110 018	110 024	111 274
Insurance expense	20 206	36 729	40 412	80 824	178 171	24 248	-	24 248	202 419
Interest expense	16 044	29 345	32 086	64 771	142 246	19 252	-	19 252	161 498
Licenses and permits	18	33	36	72	159	22	-	22	181
Miscellaneous	(4 353)	17	52	41	(4 243)	12	-	12	(4 231)
Office expense	221	451	442	883	1 997	266	-	266	2 263
Postage	260	968	520	1 041	2 789	313	365	678	3 467
Printing	212	382	425	907	1 926	255	4 493	4 748	6 674
Professional services	10 642	19 156	31 160	42 571	103 529	12 771	-	12 771	116 300
Property management	-	-	29 226	-	29 226	-	-	-	29 226
Property taxes	-	-	6 896	-	6 896	-	-	-	6 896
Rent	5 801	10 442	11 601	23 202	51 046	6 959	-	6 959	58 005
Repairs and maintenance	146	10 218	305	77	10 746	22	-	22	10 768
Scholarship and assistance	121 674	3 013	3 348	22 009	150 044	2 009	1 533	3 542	153 586
Supplies	1 084	35 914	2 167	12 611	51 776	1 300	6 992	8 292	60 068
Training	52	213	104	207	576	62	62	124	700
Transportation	672	8 243	1 343	7 375	17 633	806	1 124	1 930	19 563
Travel and meetings	2 046	6 558	4 093	10 468	23 165	2 455	4 339	6 794	29 959
Utilities	12 844	24 860	1 997	3 850	43 551	1 155	185	1 340	44 891
Total Other Expenses	<u>241 847</u>	<u>334 477</u>	<u>305 768</u>	<u>489 838</u>	<u>1 371 930</u>	<u>137 044</u>	<u>145 472</u>	<u>282 516</u>	<u>1 654 446</u>
Total Expenses	<u>\$ 318 319</u>	<u>\$ 543 942</u>	<u>\$ 458 710</u>	<u>\$ 869 433</u>	<u>\$ 2 190 404</u>	<u>\$ 228 961</u>	<u>\$ 145 472</u>	<u>\$ 374 433</u>	<u>\$ 2 564 837</u>

See the Accompanying Independent Auditors' Report and Notes to Financial Statements.

PRO-VISION, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program Services					Supporting Services			Total
	Community	Urban Farm	Affordable	Character	Total Program	Management	Fundraising	Total	
	Outreach		Housing	Development	Services	and General		Supporting	
							Services	Total	
Salaries and Related Expenses									
Employee benefits	\$ 16 931	\$ 30 476	\$ 33 862	\$ 67 725	\$ 148 994	\$ 20 317	\$ -	\$ 20 317	\$ 169 311
Payroll taxes	4 443	6 553	7 281	21 134	39 411	4 368	7 742	12 110	51 521
Salaries and wages	53 521	170 859	86 773	269 899	581 052	52 065	102 987	155 052	736 104
Total Salaries and Related Expenses	<u>74 895</u>	<u>207 888</u>	<u>127 916</u>	<u>358 758</u>	<u>769 457</u>	<u>76 750</u>	<u>110 729</u>	<u>187 479</u>	<u>956 936</u>
Other Expenses									
Advertising and promotion	1 368	2 463	2 738	5 474	12 043	1 644	259	1 903	13 946
Banking fees	87	157	174	350	768	105	27	132	900
Charitable Services	32	57	64	129	282	38	9 922	9 960	10 242
Computer and internet	688	2 946	1 374	3 503	8 511	824	-	824	9 335
Consultant fees	5 700	10 260	74 700	22 800	113 460	6 840	-	6 840	120 300
Contracted labor	2 880	63 002	560	4 120	70 562	336	-	336	70 898
Depreciation and amortization	39 473	116 921	78 946	157 890	393 230	47 370	-	47 370	440 600
Dues and subscriptions	612	2 001	1 223	2 726	6 562	734	360	1 094	7 656
Equipment lease	561	1 010	1 123	2 245	4 939	673	-	673	5 612
Events	1 286	29	32	4 687	6 034	19	106 480	106 499	112 533
Insurance expense	20 287	36 688	40 573	81 147	178 695	24 344	-	24 344	203 039
Interest expense	9 865	17 958	30 568	39 457	97 848	11 836	49 670	61 506	159 354
Office expense	264	474	526	1 167	2 431	316	-	316	2 747
Postage	108	1 755	215	431	2 509	129	736	865	3 374
Printing	67	121	134	269	591	81	3 960	4 041	4 632
Professional services	12 405	22 329	27 044	49 619	111 397	14 886	-	14 886	126 283
Property management	-	-	2 460	-	2 460	-	-	-	2 460
Property taxes	275	496	551	1 101	2 423	330	-	330	2 753
Rent	6 437	11 586	12 874	25 749	56 646	7 725	-	7 725	64 371
Repairs and maintenance	400	25 245	20 616	1 594	47 855	479	-	479	48 334
Scholarship and assistance	29 959	-	-	18 224	48 183	-	24 431	24 431	72 614
Supplies	2 418	52 519	3 176	26 499	84 612	1 906	6 522	8 428	93 040
Training	26	47	52	152	277	30	229	259	536
Transportation	330	14 356	660	15 818	31 164	395	1 683	2 078	33 242
Travel and meetings	1 018	4 131	2 035	12 565	19 749	1 221	2 248	3 469	23 218
Utilities	32 935	37 081	3 622	6 285	79 923	1 886	-	1 886	81 809
Federal income tax	-	-	-	-	-	1 079	-	1 079	1 079
Total Other Expenses	<u>169 481</u>	<u>423 632</u>	<u>306 040</u>	<u>484 001</u>	<u>1 383 154</u>	<u>125 226</u>	<u>206 527</u>	<u>331 753</u>	<u>1 714 907</u>
Total Expenses	<u>\$ 244 376</u>	<u>\$ 631 520</u>	<u>\$ 433 956</u>	<u>\$ 842 759</u>	<u>\$ 2 152 611</u>	<u>\$ 201 976</u>	<u>\$ 317 256</u>	<u>\$ 519 232</u>	<u>\$ 2 671 843</u>

See the Accompanying Independent Auditors' Report and Notes to Financial Statements.

PRO-VISION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2024	2023
Operating Activities		
Decrease in Net Assets	\$ (850 957)	\$ (460 159)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by / (Used for) Operating Activities		
Amortization and depreciation	457 227	440 600
Unrealized (gain) / loss on investments	(5 092)	(202)
In kind contributed assets	(175 000)	-
Noncash lease (income) / expense	217 287	(58 161)
(Increase) / Decrease in accounts receivable	6 584	(6 584)
(Increase) / Decrease in grants and promises to give receivable	288 301	(285 801)
(Increase) / Decrease in prepaid expenses and other current assets	(636 268)	27 881
(Increase) / Decrease in due to/from affiliate	(180 808)	50 000
Increase / (Decrease) in accounts payable	(12 865)	13 149
Increase / (Decrease) in accrued expenses	2 184	114 108
Increase / (Decrease) in other liabilities and unearned revenue	19 389	171 037
Net Cash Provided by / (Used for) Operating Activities	(870 018)	5 868
Investing Activities		
Purchase of property and equipment	(618 818)	(325 132)
Purchase of other assets	(40 708)	-
Net Cash Used for Investing Activities	(659 526)	(325 132)
Financing Activities		
Proceeds from notes payable	1 400 000	300 000
Payments on notes payable	(135 686)	(820 041)
Net Cash Provided by / (Used for) Financing Activities	1 264 314	(520 041)
Net Decrease in Cash, Cash Equivalents and Restricted Cash	(265 230)	(839 305)
Cash, Cash Equivalents and Restricted Cash at Beginning of Year	398 542	1 237 847
Cash, Cash Equivalents and Restricted Cash at End of Year	\$ 133 312	\$ 398 542
Supplemental Disclosures		
Interest Paid	\$ 161 498	\$ 159 354
Income Tax Paid	\$ -	\$ 1 079
Cash paid for amounts included in the measurement of operating leases	\$ 56 073	\$ 64 371
Cash received for amounts included in the measurement of lease receivable	\$ 491 936	\$ 756 000
Non Cash Activities		
Contributed property and equipment	\$ 175 000	\$ -

See the Accompanying Independent Auditors' Report and Notes to Financial Statements.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 and 2023

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES

Pro-Vision, Inc. (the Organization) is a non-profit organization established in 1991. The Organization has provided educational and counseling services to adults and youth of Houston, Texas since that date. The Organization is primarily supported through donor contributions and rental income from property and buildings it leases to a related party, which are utilized for the various programs. The Organization also provides other programs that teach moral and ethical living and critical job skills.

A. BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

B. BASIS OF PRESENTATION

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in banks and highly-liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

D. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR BAD DEBTS

Accounts receivable represents amounts due from product sales earned in 2023. All amounts are considered to be fully collectible at year end. Therefore, no allowance for doubtful accounts is recorded at December 31, 2023.

E. PROMISES TO GIVE

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

F. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023
(Continued)

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The three levels of the fair value hierarchy are described below:

- i. Level 1—Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- ii. Level 2—Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets
 - quoted prices for identical or similar assets or liabilities in inactive markets
 - inputs other than quoted prices that are observable for the asset or liability
 - inputs that are derived principally from or corroborated by observable market data by correlation or by other means.
- iii. Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There have been no changes to the methodologies used at December 31, 2024.

Equities and mutual funds: Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

At December 31, 2024 and 2023, the Organizations investments consisted of mutual funds and equities totaling \$11,775 and \$6,683, respectively. Investments are reported at fair value using a Level 1 measure.

G. PROPERTY AND EQUIPMENT

Acquisitions of property and equipment in excess of \$1,500 are capitalized. Property and equipment are carried at cost or, if donated, at fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

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

Buildings and improvements	10-40 years
Furniture and equipment	5-20 years
Vehicles	5 years
Construction in progress	NA
Land	NA

H. DONATED ASSETS

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 and 2023

(Continued)

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. LEASES

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2021, with early adoption permitted. The FASB subsequently issued several ASUs, which amend and clarify Topic 842.

The Organization adopted Topic 842 on January 1, 2022, utilizing an optional transition method, which allowed the recognition of a cumulative effect adjustment to the opening balance of net assets without donor restrictions on the initial date of adoption and the application of new disclosure requirements beginning in the period of adoption. In addition, it adopted ongoing accounting policies to not recognize right-of-use (ROU) assets and lease liabilities for leasing arrangements with terms of less than one year and to not separate lease and non-lease components for all classes of underlying assets.

The adoption of the new standard had a material impact on its statements of financial position for the recognition of ROU assets and lease liabilities, lease receivable and deferred lease income for its operating leases. Adoption of the standard had little to no impact on the Organization's cash flow statements.

J. NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

K. CONTRIBUTIONS

Gifts of cash and other assets received without donor stipulations are reported as support and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as support and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as support and net assets without donor restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Gifts of land, buildings, equipment, and other long-lived assets are reported as support and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as support and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions to net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023
(Continued)

NOTE (1) SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. CONTRIBUTED SERVICES

The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's programs. Contributions of services are recognized as support at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for those services because they do not meet the criteria for recognition.

M. FUNCTIONAL ALLOCATION OF EXPENSE

Expenses are categorized in the Statement of Activities as program services, fundraising and management and general. The Organization's expenses are allocated on a functional basis among these benefited categories.

Program service expenses include direct and indirect (allocated) expenses for the various programs offered by the Organization. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses, that are common to several functions, are allocated to program services on the basis of time and effort.

N. ADVERTISING

Advertising costs are expensed as incurred. Advertising expenses for the years ended December 31, 2024 and 2023 were \$8,971 and \$13,946, respectively.

O. INCOME TAXES

The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization conducted unrelated business activities in the current fiscal year. The Organization has made no provision for federal income taxes in the accompanying financial statements as the tax burden is considered immaterial.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, (ASU 740), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

P. USE OF ESTIMATES

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

Q. RECLASSIFICATIONS

Certain 2023 amounts have been reclassified to conform with the 2024 financial statement presentation.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023
(Continued)

NOTE (2) CONCENTRATION OF CREDIT RISKS

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount (\$250,000), for each deposit insurance ownership category. The Organization maintains cash balances at a financial institution located in Texas.

At December 31, 2024, the Organization's cash balances that were fully insured by the FDIC. There were instances during the year ended December 31, 2024 when the funds were inadequately covered. At December 31, 2023, the Organization had approximately \$145,000 of cash balances that were not insured by the FDIC.

NOTE (3) RESTRICTED CASH

Cash balances totaling \$21,601 for the year ended December 31, 2024 are restricted for the building campaign related to construction costs of building and improvements.

Cash balances totaling \$102,706 for the year ended December 31, 2023 are restricted for the building campaign related to construction costs of building and improvements.

NOTE (4) GRANTS AND PROMISES TO GIVE RECEIVABLE

At December 31, 2024, there were no promises to give. During the year ended December 31, 2024, the Organization was awarded a federal grant from the U.S. Department of Housing and Urban Development (HUD) under the Economic Development Initiative Community project in the amount of \$1,000,000. This grant is a reimbursable agreement, and the program term ends August 31, 2032. As of December 31, 2024 the Organization had not requested any reimbursement of expenditures. No recognition of this grant is made since the funding is contingent upon approval of expenditures by HUD.

The promises to give as of December 31, 2023, are unconditional with \$288,301 due in 2024. There were no amounts recorded for allowance for uncollectible promises to give receivable for the year ended December 31, 2023.

Grants and promises to give receivable are summarized as follows:

	2024	2023
Capital Campaign	\$ -	\$ -
Urban Farm	-	283 801
Operations - Unrestricted	-	4 500
Receivable in less than one year	\$ -	288 301
Total unconditional promises to give	\$ -	\$ 288 301

Certain promises to give receivable are from board members, see *Note 8 – Related Party Transactions*.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023
(Continued)

NOTE (5) PROPERTY AND EQUIPMENT

As of December 31, 2024 and 2023, property and equipment consisted of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 5 310 299	\$ 4 985 040
Buildings and improvements	13 567 616	13 567 616
Construction in progress	398 708	-
Furniture and fixtures	292 924	284 418
Equipment	692 672	668 893
Vehicles	<u>52 066</u>	<u>14 500</u>
Subtotal property and equipment	20 314 285	19 520 467
Less: accumulated depreciation	<u>(5 203 780)</u>	<u>(4 755 968)</u>
Total property and equipment, net	<u>\$ 15 110 505</u>	<u>\$ 14 764 499</u>

Depreciation and amortization expense charged to operations for the years ended December 31, 2024 and 2023 were \$457,227 and \$440,600 respectively.

For the year ended December 31, 2024 the Organization received contribution in kind of land with a fair market value of \$175,000. This amount is included in land above. For the year ended December 31, 2023 no contributions in kind were received.

NOTE (6) NOTES PAYABLE

The Organization has a secured promissory note with Amegy Bank that had a maximum available draw of \$1,452,177. The note matured on November 14, 2015. On October 14, 2015, the Organization signed an amendment to the note which reduced the maximum available draw to \$1,300,000 and extended the maturity date to January 12, 2022. Additionally, in January, 2019 the note terms were renegotiated, and the interest rate was reduced to 4.85%. The note is secured against land and improvements at 4590 Wilmington, plus grants and pledges receivable. The maturity date for this note was extended for one year to February 12, 2023.

During the year ended December 31, 2023, the Organization repaid the balance of the note payable in full.

On February 22, 2018, the Organization entered into a construction loan agreement with Amegy Bank. The construction loan agreement is in the form of an advancing term loan for construction of improvements in a principal amount of up to \$4,000,000. Interest is a fixed rate per annum equal to four and one-half percent (4.5%) with a maturity date of February 22, 2028.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023
(Continued)

NOTE (6) NOTES PAYABLE (Continued)

Repayment of principal and interest are as follows:

- a. Accrued and unpaid interest on the Note is due and payable monthly commencing on April 1, 2018 until and including February 1, 2022.
- b. Installments of principal in an amount sufficient to reduce the outstanding aggregate principal amount of all advances to an amount not to exceed:
 - i. \$3,500,000 due and payable on February 22, 2020;
 - ii. \$3,250,000 due and payable on February 22, 2021;
- c. Monthly installments of principal and interest, each in an amount sufficient to amortize the principal amount of all advances outstanding on the February 22, 2021, over a period of twenty (20) years at an interest rate equal to four and one-half percent (4.5%) due and payable commencing March 1, 2021, until February 22, 2028.
- d. Final installment in the amount of all outstanding principal, plus accrued and unpaid interest due and payable on the maturity date of February 22, 2028.

For the years ended December 31, 2024 and 2023, the balance of the note payable was \$2,831,714 and \$2,947,185, respectively.

On June 3, 2020, the Organization entered into a 30-year loan agreement with Small Business Administration. The loan was in the amount of \$150,000 at 2.75% interest. During the year ended December 31, 2022, the Organization applied for additional loan funds under this note and on April 20, 2022 received an additional \$300,000. From the date the loan proceeds were received interest accrued. Repayments were deferred and commenced December 2022, with payments being applied against the accrued interest until repaid. At December 31, 2024 the balance on the note was \$440,216, including accrued interest. At December 31, 2023 the balance on the note was \$453,902, including accrued interest.

On September 16, 2024, the Organization entered into an informal loan agreement with a board member. The loan was in the amount of \$150,000 at 0% interest. The note is payable on demand. At December 31, 2024 the balance on the note was \$150,000.

On August 2, 2023, the Organization entered into a 2-year loan agreement with a board member. The loan was in the amount of \$300,000 at 0% interest. The note is payable in full on August 2, 2025. At December 31, 2024 and 2023 the balance on the note was \$300,000, respectively.

On June 29, 2023, the Organization entered into a loan agreement with John Deere Financial to purchase new equipment. The interest rate is 2.203%, and the term is 6 years with principal and interest payments of \$608 due monthly. The equipment was placed in service on June 29, 2023 and is pledged as collateral on the note. During the year ended December 31, 2024 the Organization made principal and interest payments of \$7,296 and \$766, respectively. On December 31, 2024 the Organization owed \$31,229 to the lender.

During the year ended December 31, 2023 the Organization made principal and interest payments of \$3,211 and \$436, respectively. On December 31, 2023 the Organization owed \$37,758 to the lender.

During the year ended December 31, 2024 the Organization entered into a loan agreement with Local Initiatives Support Corporation. The loan was in the amount of \$1,250,000 at 7.85% interest. Repayment of this loan is the earlier of 3 years or upon the sale of land owned by the Organization. At December 31, 2024 the Organization recognized deferred loan proceeds of \$650,504 which is included in other assets on the Statement of Financial Position. At the year end the Organization owed \$1,250,000 to the lender.

The balance of the notes payable for the years ended December 31, 2024 and 2023 was \$5,003,159 and \$3,738,845, respectively.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023
(Continued)

NOTE (6) NOTES PAYABLE (Continued)

The future maturities of long-term debt are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 590 435
2026	146 513
2027	152 861
2028	3 719 127
2029	16 905
2030-2034	72 158
2035-2039	82 781
2040-2044	94 968
2045-2049	108 949
2050	<u>18 462</u>
Total	<u>\$ 5 003 159</u>

Interest expense for the years ended December 31, 2024 and 2023 was \$161,498 and \$159,354, respectively.

NOTE (7) DUE TO / FROM AFFILIATE

At January 1, 2024, the Organization owed Pro-Vision Villages at Chocolate Bayou (“PVVCB”), \$50,000 to assist in the payment of property taxes on the land set aside for the Affordable Housing program. During the year ended December 31, 2024 the Organization repaid PVVCB \$50,000 and loaned \$130,808 to assist in the payment of professional fees related to the development of the affordable housing program. At December 31, 2024, PVVCB owed the Organization \$130,808.

During the year end December 31, 2023, the Organization entered into a loan agreement with PVVCB an affiliate, in the amount of \$50,000 to assist in the payment of property taxes on the land set aside for the Affordable Housing program. This amount is an interest free note and is payable on demand.

NOTE (8) RELATED PARTY TRANSACTIONS

For the years ended December 31, 2024 and 2023, the Organization received approximately \$189,000 and \$315,200, respectively from various board members for board dues and pledges.

NOTE (9) NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2024 and 2023, the Organization had net assets with donor restrictions of \$0 and \$540,118, respectively. These amounts are restricted for the following purposes:

	<u>2024</u>	<u>2023</u>
Capital Campaign	\$ -	\$ 256 317
Urban Farm	-	<u>283 801</u>
Total Net Assets with Donor Restrictions	<u>\$ -</u>	<u>\$ 540 118</u>

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023
(Continued)

NOTE (10) NET ASSETS RELEASED FROM RESTRICTIONS

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

The following amounts were released from restrictions for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Character Development	\$ 8 348	\$ 26 233
Affordable Housing	500	80 000
Capital Campaign	256 317	326 133
Urban Farm	<u>290 385</u>	<u>40 000</u>
Total Net Assets Released from Restrictions	<u>\$ 555 550</u>	<u>\$ 472 366</u>

NOTE (11) LIQUIDITY AND AVAILABILITY

For the year ended December 31, 2024, the Organization's operations were dependent on private and public donations from individuals, foundations, and corporations as well as contractual lease income. The Organization had \$794,789 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$111,711, other receivables of \$671,303 and investments of \$11,775. The Organization has sufficient financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures.

For the year ended December 31, 2023, the Organization's operations were dependent on private and public donations from individuals, foundations, and corporations as well as contractual lease income. The Organization had \$618,203 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$295,836, accounts receivable of \$6,584, grants and promises to give receivable of \$288,301, other receivables of \$20,799 and investments of \$6,683. The financial assets of the Organization reduced by amounts not available for general use of \$540,118 results in the Organization having sufficient financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures.

The Organization sets a goal of having financial assets on hand to meet 60 days of normal cash operating expenses, which are, on average, around \$285,000. As part of its liquidity management, The Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. The Organization also intends to transfer excess operating funds, in excess of its 60-day operating needs, to a short-term savings account which, should an unforeseen liquidity need arise, the Organization could draw upon to meet cash requirements.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023
(Continued)

NOTE (12) PROGRAMS AND SUPPORTING SERVICES

The costs of providing the various programs and other activities are shown in the accompanying statement of functional expenses. The following programs and supporting services are included in the accompanying financial statements:

Community Outreach – This program encompasses various initiatives to engage and connect with residents of the immediate community that Pro-Vision seeks to serve. This includes supporting community-oriented events, attendance and representation at community town halls, and meeting with local elected officials to ensure the needs of the community are being served by local government.

Urban Farm – The Urban Farm serves as a healthy resource by making organic produce accessible to the Sunnyside community and introducing and teaching modern agriculture techniques to its participants through its agricultural programs. It emphasizes discussion of health and proper nutrition, welcoming fresh vegetables and recipes into the home kitchen, sustainable land use practices and agricultural skills. The goal of the commercial sales is to generate funds which can be used to support the remaining program services and lower the need for outside financial support.

Affordable Housing – The affordable housing program has been a long-term goal of the organization to assist residents in securing comfortable housing at a cost they can afford as a way to improve the quality of life in the community. The Housing Initiative will transform underused, industrial, and inner-city properties, in a once desolate and forgotten neighborhood, into a large and thriving affordable housing community. This activity of the model not only assumes that improved housing stock will enhance the physical space of a neighborhood, but it will also enhance community members' well-being and civic responsibility. The organization has accumulated 64 acres in the community with the goal to secure additional acreage which will allow the construction of affordable housing units in a mixed income community.

Character Development – The Character Development Program is anchored by the Manhood Development Program and S.H.E. (Strong, Healthy and Empowered) and provides supportive initiatives for the families of the young people participating in these programs. The program develops the character and integrity of each member by combining close mentoring relationships with exposure to situations that reinforce moral and ethical thinking. They are given the opportunity to participate in camps, job enterprise employment, and leadership positions to help develop discipline, self-esteem, and confidence to become outstanding citizens within their community and role models within their area of influence.

NOTE (13) CONCENTRATIONS

For the year ended December 31, 2024, approximately thirteen percent (13%) of the Organization's contribution revenue came from one (1) donor.

For the year ended December 31, 2023, approximately twenty percent (20%) of the Organization's contribution revenue came from one (1) donor. At December 31, 2023, approximately one hundred percent (98%) of the Organization's promises to give was due from one (1) donor.

NOTE (14) 401(K) PLAN

On October 1, 2022, the Organization established the Pro-Vision, Inc. 401(K) Plan (the "Plan"). The Plan is offered to full-time employees who are at least 21 years of age and have completed ninety days (90) of employment. The Organization contributes 3% of the eligible employee's annual covered salary, regardless of employee contributions. The amount of expense charged to operations for the year ended December 31, 2024 and 2023 was \$20,115 and \$21,579, respectively.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023
(Continued)

NOTE (15) LEASE COMMITMENTS

The Organization adopted FASB ASC 842 *Leases* due to the Organization entering into new long-term leases during the prior year whose term exceeds 12 months. These leases are the only leases required to be included on the balance sheet under FASB ASC 842.

Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term. Most leases include one or more options to renew, with renewal terms that can extend the lease term from one to five years or more. The exercise of lease renewal options is at the Organization's sole discretion.

As of December 31, 2024 and 2023, the right-of-use operating lease asset had a balance of \$169,274 and \$34,768, as shown in total assets on the balance sheet. The operating lease liability is included in total liabilities as of December 31, 2024 and 2023, \$178,339 and \$33,307, respectively. The lease asset and liability were calculated utilizing the average monthly payment over the lease term, for the years ended December 31, 2024 and 2023.

Maturities of the operating lease liabilities as of December 31, 2024 are as follows:

<u>Year ending December 31,</u>	
2025	\$ 63 085
2026	64 439
2027	<u>50 815</u>
Present Value of Lease Liabilities	<u>\$ 178 339</u>

NOTE (16) LEASING ACTIVITIES

The Organization has a ten (10) year operating lease agreement with Pro-Vision Educational Services, Inc. (the School) that began September 1, 2019 and expires August 31, 2029. The terms of the lease require monthly rental payments of \$62,000 for thirty-six (36) months, \$66,000 for the next thirty-six (36) months and \$70,000 for the final forty-eight (48).

During the year ended December 31, 2024, the School requested an amendment to the lease agreement, to be effective September 1, 2024. Under the amended agreement the remaining monthly rental payments were reduced to \$49,797 for twenty-four (24) months and \$54,000 for the next thirty-six months (36). As a result of the lease amendment, the Organization recognized \$406,500 lease activity loss, this amount is netted against rental income for the current year.

Total payments from the School to the Organization under the lease agreement amounted to \$491,936 and \$756,000 for each of the years ended December 31, 2024 and 2023, respectively. These payments were applied against the lease receivable balance at each year end. The Organization is reporting the lease receivable balances at each year end in line with FASB ASC 842 *Leases*.

Lease income is included on the statement of activities as rental income. Cash receipts from operating leases are classified within cash flows from operating activities.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023
(Continued)

NOTE (16) LEASING ACTIVITIES (Continued)

The following is an analysis of the carrying amounts of the underlying assets related to operating leases:

Land	\$ 1 732 108
Buildings	13 557 324
Equipment	<u>485 894</u>
Total cost	15 775 326
Less Accumulated Depreciation Buildings	(4 478 471)
Less Accumulated Depreciation Equipment	<u>(464 347)</u>
Total cost, net	<u>\$ 10 832 508</u>

The following is an analysis of the maturity of the undiscounted operating lease payments to be received:

Year ending December 31,

2025	\$ 597 564
2026	614 376
2027	648 000
2028	648 000
2029	<u>435 852</u>
Total	<u>\$ 2 943 792</u>

NOTE (17) INSURANCE PROCEEDS

On July 6, 2023 the Organization experienced property damage to two Greenhouses following a weather event. The Organization submitted an insurance claim to repair the damage.

In December 2023 the Organization received \$104,637 in insurance proceeds relating to the claim. Those proceeds were deposited into the Organization's checking account. At year end the organization had entered into a contract for the repairs. These funds are shown in other liabilities on the Statement of Financial Position. The total cost of the project is not known at year end.

During the year ended December 31, 2024, the Organization received another \$85,789 related to this claim and may be able to claim up to an additional \$49,000 should the total cost of repairs exceed \$197,883. The repairs remain ongoing at year end.

NOTE (18) UNEARNED REVENUES

At December 31, 2024, the Organization held the insurance proceeds discussed in *Note 17*.

At December 31, 2023, the Organization held \$66,400 in rental revenue received in advance along with the insurance proceeds discussed in *Note 17*.

PRO-VISION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 and 2023

(Continued)

NOTE (19) SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 12, 2025, the date the financial statements were available to be issued and noted that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the financial statements.