

PORCH & ASSOCIATES LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

OVEREATERS ANONYMOUS, INC.

Financial Statements
and
Independent Auditor's Report

December 31, 2023 and 2022

OVEREATERS ANONYMOUS, INC.

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Independent Auditor's Report

Board of Directors and Management
Overeaters Anonymous, Inc.
Rio Rancho, New Mexico

Opinion

We have audited the accompanying financial statements of Overeaters Anonymous, Inc. (OA) (a not-for-profit corporation) which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, cash flows, and functional expenses for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Overeaters Anonymous, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OA 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 OA's ability to continue as a going concern for one year after the date that the financial statements are issued.

Board of Directors and Management
Overeaters Anonymous, Inc.
Rio Rancho, New Mexico

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 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 OA'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 OA'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.

Porch & Associates, LLC

Albuquerque, New Mexico
April 15, 2024

OVEREATERS ANONYMOUS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 298,168	479,718
Cash - restricted	86,777	81,156
Accounts receivable	2,678	2,354
Inventories	202,370	187,270
Prepaid expenses	44,172	40,657
Total current assets	634,165	791,155
Other Assets		
Property and equipment, net	602,800	657,959
Right of use asset	6,030	19,561
Investments	1,597,004	1,342,453
Intangible assets, net	26,942	25,115
Total other assets	1,623,946	1,367,568
Total assets	\$ 2,866,941	2,836,243
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 18,881	30,092
Accrued expenses	71,652	26,648
Lease Liability	3,495	13,670
Total current liabilities	94,028	70,410
Non-current Liabilities		
Lease Liability	2,760	6,255
Total liabilities	96,788	76,665
Net Assets		
Without donor restrictions	2,683,376	2,678,422
With donor restrictions	86,777	81,156
Total net assets	2,770,153	2,759,578
Total liabilities and net assets	\$ 2,866,941	2,836,243

The accompanying notes are an integral part of these financial statements.

OVEREATERS ANONYMOUS, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022

	2023	2022
Change in Net Assets Without Donor Restrictions		
Revenues and Other Support		
Revenues		
Sales of literature	\$ 671,809	671,279
Contributions	957,053	939,285
Conference registration fees	33,095	36,567
Convention registrations and banquet fees	2,000	-
Total revenues	1,663,957	1,647,131
Other Support		
Investment income (loss), net	171,312	(185,024)
Interest income	3,625	449
Other	7,004	5,200
Total other support	181,941	(179,375)
Total revenues and other support	1,845,898	1,467,756
Net assets released from restrictions	20,799	21,263
Total revenues and other support after release	1,866,697	1,489,019
Expenses		
Program Expenses		
Literature production and distribution	661,674	609,292
Digital content	90,013	22,626
Group support and referral services	566,425	618,669
Total program expenses	1,318,112	1,250,587
Supporting Expenses		
General and administrative	543,631	589,555
Total expenses	1,861,743	1,840,142
Change in net assets without donor restrictions	4,954	(351,123)
Net assets without donor restrictions, beginning of year	2,678,422	3,029,545
Net assets without donor restrictions, end of year	\$ 2,683,376	2,678,422
Change in Net Assets With Donor Restrictions		
Contributions	\$ 26,420	30,132
Net assets released from restrictions	(20,799)	(21,263)
Change in net assets with donor restrictions	5,621	8,869
Net assets with donor restrictions, beginning of year	81,156	72,287
Net assets with donor restrictions, end of year	\$ 86,777	81,156

The accompanying notes are an integral part of these financial statements.

OVEREATERS ANONYMOUS, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Cash received from:		
Literature sales	\$ 671,485	668,925
Contributions	983,473	969,417
Conference and convention registration fees	35,095	36,567
Other sources	7,004	5,200
Interest income	3,625	449
Cash paid to employees and suppliers	(1,770,844)	(1,792,160)
Net cash used in operating activities	(70,162)	(111,602)
Cash Flows From Investing Activities		
Purchase of property and equipment	(8,858)	(44,362)
Additions to Right of Use Asset	-	(19,561)
Purchase of investments	(85,473)	(250,000)
Change in money market funds in investments	2,234	(5,623)
Net cash used in investing activities	(92,097)	(319,546)
Cash Flows From Financing Activities		
Payment of principal portion of lease liability	(13,670)	19,925
Net cash (used in) provided by financing activities	(13,670)	19,925
Net change in cash and cash equivalents	(175,929)	(411,223)
Cash and cash equivalents, beginning of year	560,874	972,097
Cash and cash equivalents, end of year	\$ 384,945	560,874
Cash and cash equivalents are reported on the statement of financial position as follows:		
Cash and cash equivalents	\$ 298,168	479,718
Cash - restricted	86,777	81,156
	\$ 384,945	560,874

The accompanying notes are an integral part of these financial statements.

OVEREATERS ANONYMOUS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2023

	Programmatic Services				Total
	Literature Production and Distribution	Digital Content	Group Support and Referral Services	General and Administrative	
Salary and related expenses					
Salaries	\$ 234,502	63,306	213,080	242,671	753,559
Payroll taxes	21,423	4,063	15,598	17,527	58,611
Employee benefits	53,917	10,226	38,845	44,769	147,757
Total salaries and related expenses	309,842	77,595	267,523	304,967	959,927
Other expenses					
Banquet and entertainment	-	-	17,925	-	17,925
Delegate support payments	-	-	4,209	-	4,209
Equipment maintenance and repairs	-	-	-	703	703
Equipment rental	-	-	28,072	6,834	34,906
Insurance	-	-	1,156	23,178	24,334
Literature development	65	-	-	-	65
Other	-	-	111,026	9,227	120,253
Occupancy	7,112	1,464	5,857	6,485	20,918
Outside services	29,790	-	-	72,417	102,207
Parliamentarian	-	-	6,693	-	6,693
Postage and shipping	119,423	-	114	966	120,503
Printing and duplicating	123,041	2,100	14,788	-	139,929
Professional exhibits	-	-	2,467	-	2,467
Promotions and attractions	-	-	19	27,625	27,644
Supplies	8,995	-	980	34,845	44,820
Taxes - nonpayroll	-	-	-	547	547
Telephone	-	-	66	16,561	16,627
Translation fund	14,123	-	-	-	14,123
Travel, lodging, and meals	-	-	70,118	212	70,330
Utilities	7,201	1,483	5,930	6,565	21,179
Website maintenance	16,824	3,464	13,855	15,338	49,481
Lease Accounting Standard	-	-	-	(139)	(139)
Total other expenses	326,574	8,511	283,275	221,364	839,724
Total salary and other expenses before non-cash expenses	636,416	86,106	550,798	526,331	1,799,651
Non-Cash Expenses					
Depreciation	18,975	3,907	15,627	17,300	55,809
Amortization	6,283	-	-	-	6,283
Total non-cash expenses	25,258	3,907	15,627	17,300	62,092
Total functional expenses	\$ 661,674	90,013	566,425	543,631	1,861,743

The accompanying notes are an integral part of these financial statements.

OVEREATERS ANONYMOUS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2022

	Programmatic Services				Total
	Literature Production and Distribution	Digital Content	Group Support and Referral Services	General and Administrative	
Salary and related expenses					
Salaries	\$ 232,652	-	204,934	321,139	758,725
Payroll taxes	20,462	-	18,395	20,862	59,719
Employee benefits	46,665	-	42,183	52,906	141,754
Total salaries and related expenses	299,780	-	265,512	394,907	960,198
Other expenses					
Banquet and entertainment	-	-	3,843	-	3,843
Delegate support payments	-	-	5,525	-	5,525
Equipment maintenance and repairs	-	-	-	2,056	2,056
Equipment rental	-	-	18,995	8,255	27,250
Insurance	-	-	1,156	22,787	23,943
Literature development	2,360	-	-	-	2,360
Other	-	-	209,407	9,418	218,825
Occupancy	8,721	5,233	8,721	12,209	34,884
Outside services	10,167	-	-	29,434	39,601
Parliamentarian	-	-	10,384	-	10,384
Postage and shipping	114,383	-	94	770	115,247
Printing and duplicating	117,412	-	6,290	-	123,702
Professional exhibits	-	-	7,857	-	7,857
Promotions and attractions	-	-	89	3,286	3,375
Supplies	13,801	-	1,718	47,256	62,776
Taxes - nonpayroll	-	-	-	650	650
Telephone	-	-	50	15,197	15,247
Translation fund	7,881	-	-	-	7,881
Travel, lodging, and meals	-	-	50,039	2,383	52,422
Utilities	5,136	3,081	5,136	7,190	20,543
Website maintenance	11,465	6,879	11,465	16,052	45,862
Lease Accounting Standard	-	-	-	365	365
Total other expenses	291,326	15,193	340,770	177,307	824,596
Total salary and other expenses before non-cash expenses	591,106	15,193	606,282	572,214	1,784,794
Non-Cash Expenses					
Depreciation	12,387	7,432	12,387	17,341	49,547
Amortization	5,799	-	-	-	5,799
Total non-cash expenses	18,186	7,432	12,387	17,341	55,346
Total functional expenses	\$ 609,292	22,626	618,669	589,555	1,840,141

The accompanying notes are an integral part of these financial statements.

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022

NOTE 1. ORGANIZATION

Overeaters Anonymous, Inc. (OA) was formed as a California not-for-profit corporation on May 16, 1969. The Internal Revenue Service issued a ruling stating that OA qualifies as a public charity and is exempt from federal income tax under Section 501(c)(3). In November 2007, OA filed Articles of Merger with the New Mexico Corporation Commission. The Articles merged the California Corporation into a newly formed New Mexico not-for-profit Corporation. The California Corporation was dissolved and, in June 2008, OA filed Restated Articles of Incorporation, becoming a New Mexico not-for-profit corporation.

The specific and primary purpose of OA is to aid those with the problem of compulsive overeating to overcome that problem through a 12-Step program of recovery.

The OA program is carried out primarily through local groups in which recovering compulsive overeaters share their experience, strength, and hope. OA is defined by the organization's charter as the Board of Trustees, the World Service Office, and the annual meeting of delegates at the World Service Business Conference. OA administers the World Service Office as the international headquarters of Overeaters Anonymous and provides services to local groups and regional service bodies through three major activities:

- Maintenance of an online directory that users can search to find any of 6000 monthly meetings worldwide.
- Publication and shipping of hardcopy and downloadable literature that augments the help provided by the local groups.
- Publication of two blogs and a monthly, online volume of member stories.

OA is supported primarily by voluntary contributions from members and from sales of literature. OA charges no dues or fees.

The accompanying financial statements do not include the operations of the local groups or service bodies, which are autonomous.

Programs and Services. During the year ended December 31, 2023 and 2022, OA incurred program and service expenses in the following major categories:

Literature Production and Distribution - This service provides information about the programs of recovery from compulsive overeating and suggestions for implementing the 12 Steps and 12 Traditions of OA, and suggested guidelines for group activities.

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Digital Content - This service now covers what was once Magazine Production and Distribution and provides a forum for sharing experiences about the OA recovery program and current information about OA and its activities. This service is responsible for OA's overall online presence, through its various websites and on social media.

Group Support and Referral Services - This service provides activities, including the annual World Service Business Conference, directed toward growth and successful functioning of groups in accordance with the 12 Traditions of OA.

This summary of significant accounting policies of OA is presented to assist in the understanding of OA's financial statements. The financial statements and notes are the representations of OA's management who is responsible for their integrity and objectivity.

Allowance for Uncollectible Accounts. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Management feels that accounts receivable is fully collectible and, accordingly, no allowance for uncollectible accounts is considered necessary. OA had accounts receivable in the amount of \$2,678 and \$2,354 at December 31, 2023 and 2022, respectively.

Basis of Presentation. OA's financial statements are presented in accordance with the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958-205, Not-for-Profit Entities, Presenting Financial Statements. Under ASC 958-205, OA is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Basis of Accounting. The financial statements of OA are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Cash Flow Information. OA considers all cash, money market, and short-term investments with an original maturity of three months or less to be cash equivalents.

Concentrations of Risk. OA maintains cash and cash equivalents with financial institutions. At times, such amounts may exceed FDIC limits. OA limits the amount of credit exposure with any one financial institution and believes that no significant credit risk exists with respect to cash. OA's cash balances were in excess of FDIC insurance by \$603 and \$315,407 at December 31, 2023 and 2022, respectively. OA has not experienced any losses on uninsured balances and does not believe this is a significant risk.

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue and Revenue Recognition. OA follows ASC Topic 606, *Revenue from Contracts with Customers*, which requires the recognition of revenue when promised goods or services are transferred by OA in an amount that reflects the consideration to which OA expects to be entitled to in exchange for the goods or services.

Contributions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purpose are reported as net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, OA reports the support as without donor restrictions.

Donated Goods and Services. Generally accepted accounting principles requires that professional service hours (attorney, accountants, doctors, etc.) be recorded in the financial statements, but not volunteer hours. Volunteers and board members have donated significant amounts of their time in OA's programs. The value of these hours is not recorded in the financial statements. There was no in-kind expense or revenue for the years ending December 31, 2023 or 2022.

Functional Expense Allocation. The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are allocated on the basis of time and effort.

Income Taxes. OA is organized as a New Mexico nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a). The IRS determined that OA, under IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundation. OA is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. OA's open audit periods are 2021 through 2023.

OA evaluates uncertain tax positions in accordance with ASC 740 whereby the effect of the uncertainties in tax positions would be recorded if the outcome was considered probable and reasonably estimable. OA 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.

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Intangible Assets. Under ASC 350-30-25, Intangibles - Goodwill and Other, costs of internally developing, maintaining, or restoring intangible assets that are not specifically identifiable, that have indeterminate lives, or that are inherent in a continuing business or nonprofit activity and related to an entity as a whole, shall be recognized as an expense when incurred. Because costs of renewing and maintaining trademarks and foreign registrations have specifically identifiable costs with determinate useful lives they have been capitalized. Trademark and foreign registration costs are being amortized using the straight-line method over the following renewal or extension terms:

European Union Registration	10 years
Australian Trademark	10 years
Canadian Trademark	15 years

OA's future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets.

Inventories. Inventories, consisting primarily of books and pamphlets held for resale, are stated at the lower of cost (first-in, first-out method) or market. Due to the unique nature of OA's mission, a large number of items are included in inventory. For some of these items, more than a one-year supply is on hand.

Investments. Investments consist of certificates of deposit, individual stocks, mutual funds, and money market funds. Investments are carried at fair market value or appraised value, and realized and unrealized gains and losses and investment income are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless a donor or law temporarily or permanently restricts their use. Investment income consists of interest, dividends, and unrealized and realized gains and losses, net of related fees.

Net Assets. Net assets are composed of the following:

Net Assets Without Donor Restrictions. Net assets that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or have been met.

Net Assets With Donor Restrictions. Net assets that are subject to restrictions imposed by donors that may or will be met by the occurrence of a specific event or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities as net assets released from restrictions.

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

The governing board has designated net assets without donor restrictions for the following purposes as of December 31,2023:

An operating reserve in the amount of \$420,992, a building and capital reserve in the amount of \$5,125, a reserve for the purpose of producing audiobooks in the amount of \$6,623, a reserve for the purpose of updating the FAM database in the amount of \$34,955, a reserve for the purpose of hiring professional translators in the amount of \$45,129, a reserve for the purpose of developing a platform to replace the Lifeline magazine in the amount of \$34,922, a reserve for the purpose of updating the OA.org website in the amount of \$34,413, a reserve for the purpose of increasing OA’s Public Information/Public Outreach in the amount of \$17,574, and a reserve for building repairs and upgrades in the amount of \$27,455.

Promises to Give. 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 future years are recorded at the present value of their estimated future cash flows. There were no unconditional promises to give at year-end.

Property and Equipment, Net. OA capitalizes expenditures over \$1,000 with a useful life greater than one year. Property and equipment is recorded at cost if purchased or fair value if donated. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided for using the straight-line method over the following estimated useful lives:

Land improvements	15 years
Building and improvements	5 to 40 years
Furniture and fixtures	5 to 10 years
Equipment	3 to 5 years

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Leases. OA is a lessee for a non-cancellable lease of equipment and recognizes a lease liability and an intangible right-to-use lease asset in the financial statements. The lease liabilities are recognized for leases with an initial individual value of \$1,000 or more in total future lease payments. At the commencement of a lease, OA initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how OA determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- a. OA uses a rate of 3.25% for leases with a term of 1 year to 5 years.
- b. The lease term includes the non-cancellable period of the lease; the term of the lease contract, including options to extend, must be more than 12 months. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that OA is reasonably certain to exercise.

OA monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Related Party Transactions. Certain sales of literature and donations are made to and received from member's groups, intergroups, and National/Language Service Boards or Regions registered with OA. The groups and service bodies are legally separate from OA. Therefore, they are not considered to be related party transactions.

Shipping and Handling Costs. Freight billed to customers is considered sales revenue and the related freight costs is expensed in postage and shipping.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires OA to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Risk Management. OA is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. OA has obtained commercial insurance coverage to protect itself against such losses.

Subsequent Events. Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. OA recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. OA's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued.

OA has evaluated subsequent events through April 15, 2024, which is the date the financial statements are available to be issued. There were no material subsequent events.

NOTE 3. RESTRICTED CASH

Restricted cash consists of donor-restricted contributions. OA had \$36,341 and \$35,912 restricted for travel assistance for conference delegates, \$38,241 and \$34,520 for translation assistance, and \$12,195 and \$10,724 restricted for professional exhibit assistance at December 31, 2023 and 2022, respectively. Total restricted cash was \$86,777 and \$81,156 at December 31, 2023 and 2022, respectively.

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

NOTE 4. INVESTMENTS

OA had the following investments at December 31:

	At December 31, 2023		
	Cost	Fair Value	Gross Unrealized Gain (Loss)
Certificates of deposit	\$ 298,000	298,239	239
Individual stocks	122,525	200,365	77,840
Mutual funds:			
Equity	455,442	480,011	24,569
Balanced - equity and fixed income	104,595	106,984	2,389
Fixed income	578,062	511,405	(66,657)
Total investments	<u>\$ 1,558,624</u>	<u>1,597,004</u>	<u>38,380</u>
	At December 31, 2022		
	Cost	Fair Value	Gross Unrealized Gain (Loss)
Certificates of deposit	\$ 207,063	206,482	(581)
Individual stocks	89,041	133,897	44,856
Mutual funds:			
Equity	462,095	420,481	(41,614)
Balanced - equity and fixed income	101,321	97,015	(4,306)
Fixed income	564,029	484,578	(79,451)
Total investments	<u>\$ 1,423,549</u>	<u>1,342,453</u>	<u>(81,096)</u>

NOTE 5. FAIR VALUE MEASUREMENTS AND DISCLOSURES

OA reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

**NOTE 5. FAIR VALUE MEASUREMENTS AND DISCLOSURES
(CONTINUED)**

A three-tier hierarchy categorizes the inputs as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include 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, and market-corroborated inputs.
- Level 3 Unobservable inputs for the asset or liability. In these situations, inputs were developed using the best information available in the circumstances.

A significant portion of OA’s investment assets are classified within Level 1 because they comprise open-end mutual funds and exchange traded funds with readily determinable fair values based on daily redemption values.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying Statements of Financial Position measured at fair value on a recurring basis as of:

		Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
December 31, 2023	Total			
Certificates of deposit	\$ 298,239	298,239	-	-
Individual stocks	200,365	200,365	-	-
Mutual funds	1,098,400	1,098,400	-	-
	\$ 1,597,004	1,597,004	-	-

		Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
December 31, 2022	Total			
Certificates of deposit	\$ 206,482	206,482	-	-
Individual stocks	133,897	133,897	-	-
Mutual funds	1,002,074	1,002,074	-	-
	\$ 1,342,453	1,342,453	-	-

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

NOTE 6. PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following at December 31, 2023:

Property and equipment, not depreciated	
Land	\$ 200,208
Work-in-Process	1,741
Property and equipment, depreciated	
Land improvements	175,016
Building and improvements	949,641
Furniture and fixtures	134,975
Equipment	<u>193,544</u>
	1,655,125
Accumulated depreciation	<u>(1,052,325)</u>
Property and equipment, net	<u>\$ 602,800</u>

Property and equipment consists of the following at December 31, 2022:

Property and equipment, not depreciated	
Land	\$ 200,208
Work-in-Process	8,208
Property and equipment, depreciated	
Land improvements	175,016
Building and improvements	949,641
Furniture and fixtures	134,975
Equipment	<u>186,428</u>
	1,654,476
Accumulated depreciation	<u>(996,517)</u>
Property and equipment, net	<u>\$ 657,959</u>

Depreciation expense was \$55,809 and \$49,547 for the years ended December 31, 2023 and 2022, respectively.

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

NOTE 7. INTANGIBLE ASSETS, NET

Intangible assets consists of the following at December 31, 2023:

European Union registration	\$ 12,845
Australian trademark	2,328
Canadian trademark	13,119
United States trademark	20,600
World Intellectual Property Organization (WIPO) foreign filing	17,207
BENELUX trademark	1,936
Other trademarks	<u>10,596</u>
	78,631
Accumulated amortization	<u>(51,689)</u>
Intangible assets, net	<u>\$ 26,942</u>

Intangible assets consists of the following at December 31, 2022:

European Union registration	\$ 12,845
Australian trademark	2,328
Canadian trademark	13,119
United States trademark	12,490
World Intellectual Property Organization (WIPO) foreign filing	17,207
BENELUX trademark	1,936
Other trademarks	<u>10,596</u>
	70,521
Accumulated amortization	<u>(45,406)</u>
Intangible assets, net	<u>\$ 25,115</u>

Amortization expense was \$6,283 and \$5,799 for the years ended December 31, 2023 and 2022, respectively.

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

NOTE 8. LEASES

Effective January 1, 2022, OA adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). OA has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, OA accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2020) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

Right of Use Asset

OA has recorded intangible right-to-use lease assets as a result of implementing ASC 842 – Leases. The lease assets are initially measured at an amount equal to the initial measurement of the related lease liability. Lease assets are amortized on a straight-line basis over the shorter of the useful life of the underlying asset or the lease term.

Lease asset activity for OA for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Right of Use Assets				
Equipment	\$ 33,092	-	-	33,092
Accumulated amortization for lease assets:				
Equipment	(13,531)	(13,531)	-	(27,062)
Total right of use asset less accumulated amortization	\$ 19,561	(13,531)	-	6,030

Lease Liability

In July 2019, OA entered into a three-year operating lease to replace the lease of a copier. The copier has a three-year extension period that OA intends to exercise. The payments are \$277 monthly for the lease term.

In April 2021, OA entered into a 60-month lease for a postage meter. The payments are \$188 monthly for the lease term.

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

NOTE 8. LEASES (CONTINUED)

In November 2021, OA entered into a 24-month lease for fiber and voice equipment. Payments begin January 2022. The payments are \$717 monthly for the lease term.

The future minimum payments on the leases as of December 31, 2023, are as follows:

Year Ending December 31	Principal Payments	Interest Payments	Total
2024	\$ 3,495	146	3,641
2025	2,199	57	2,256
2026	561	3	564
	<u>\$ 6,255</u>	<u>206</u>	<u>6,461</u>

NOTE 9. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 298,168	479,718
Accounts receivable	2,678	2,354
Investments	1,597,004	1,342,453
	<u>\$ 1,897,850</u>	<u>1,824,525</u>

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2023 AND 2022

NOTE 10. CONFERENCE AND CONVENTION INCOME

OA holds conferences every year and conventions periodically. Due to continuing concerns about Covid-19 and ongoing travel restrictions for our international fellowship, Conference 2022 was changed from a face to face to a virtual event. A penalty of \$101,168 was incurred with the host hotel in Albuquerque, NM and is included in the expense figure below.

In 2023, OA hosted its first in-person annual conference since 2019. Registration fees and expenses incurred are presented below.

The financial results of conferences are as follows:

	<u>2023 Conference</u>	<u>2022 Conference</u>
Registration fees and miscellaneous income	\$ 32,800	36,567
Expenses	(60,047)	(127,526)
Revenue over (under) expenses	<u>\$ (27,247)</u>	<u>(90,959)</u>

OA does not allocate salaries and related costs to conferences and conventions as no salaries are incurred for the primary purpose of supporting conferences and conventions.

NOTE 11. EMPLOYEE BENEFITS

Retirement. OA provides a defined contribution retirement plan in which all employees meeting certain eligibility requirements are able to participate. The plan enables all eligible employees to defer a portion of their salaries to a tax-sheltered annuity. OA matches employees' contributions each year up to a maximum of five percent of their salaries. OA's matching contribution was \$27,118 and \$29,168 in December 31, 2023 and 2022, respectively.

Compensated Absences. Employees of OA are entitled to paid absence time (PAT) depending on job classification and length of service. Earned PAT accrues to a maximum of one hundred fifty hours and accumulated balances will be paid to employees upon termination. The estimated liability for compensated absences was \$22,898 and \$25,835 as of December 31, 2023 and 2022, respectively.

NOTE 12. COMMITMENTS AND CONTINGENCIES

OA has entered into agreements with certain hotels for its conferences and conventions to be held in 2025. As part of these agreements, there are cancellation fees per event ranging from \$60,630 to \$234,016 depending on the timing of the cancellation.

OVEREATERS ANONYMOUS, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
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Economic Dependency. OA receives a significant portion of its support and revenues from its donor base and is, therefore, subject to possible loss of funding due to changes in general economic conditions and donor discretion. OA received approximately 51% and 63% of its revenues from their donor base for the years ended December 31, 2023 and 2022, respectively.

In addition, OA receives a significant portion of its revenues from the sale of literature and is, therefore, subject to possible loss of revenue due to changes in general economic conditions. OA received approximately 36% and 45% of its revenues from the sale of literature for the years ended December 31, 2023 and 2022, respectively.