

**OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

CONTENTS

	<u>Page No.</u>
<u>Independent Auditors' Report</u>	1
<u>Financial Statements</u>	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows	9
<u>Notes to Financial Statements</u>	10-20
<u>Supplementary Information</u>	
Schedule of Expenditures of Awards	22
Notes to Schedule of Expenditures of Awards	23
<u>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></u>	24
Schedule of Findings and Questioned Costs	25

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

Options Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Options Foundation, Inc.(a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Options Foundation, Inc.(a nonprofit organization), as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2022, on our consideration of Options Foundations, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Options Foundation' internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Options Foundation, Inc.'s internal control over financial reporting and compliance.

**Ehrlich & Associates**

Baton Rouge, Louisiana
February 8, 2022

FINANCIAL STATEMENTS

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$ 2,362	\$ 172,840
Cash - resident funds	258,334	209,673
Cash - Progressive Bingo	-	11,607
Contract receivables	95,256	141,788
Other current assets	<u>94,147</u>	<u>91,573</u>
Total current assets	<u>450,099</u>	<u>627,481</u>
<u>Fixed Assets</u>		
Land	88,325	88,325
Buildings	833,516	846,663
Vehicles	50,397	50,397
Furniture and Fixtures	73,483	82,719
Improvements	97,605	97,605
Computers and Equipment	<u>626,143</u>	<u>626,143</u>
	1,769,469	1,791,852
Accumulated Depreciation	<u>(1,314,451)</u>	<u>(1,307,651)</u>
Total fixed assets	<u>455,018</u>	<u>484,201</u>
<u>Other Assets</u>		
Deposits	-	8,612
Goodwill net of \$33,600 amortization for 2021/\$33,600 for 2020	-	-
Due from Related Companies	<u>452,368</u>	<u>626,295</u>
Total Other Assets	<u>452,368</u>	<u>634,907</u>
Total Assets	<u>\$ 1,357,485</u>	<u>\$ 1,746,589</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 344,009	\$ 318,801
Short-term notes payable	108,746	94,939
Notes payable - current portion	274,674	320,533
Other accrued expenses	102,900	89,943
Resident funds payable	258,334	209,673
Progressive Bingo liability	-	9,750
Accrued wages	14,620	12,838
Payroll taxes and related payables	138,887	138,887
PPP Loan	-	115,000
National Funding Finance Company	30,050	97,627
Line of Credit South Louisiana Bank	35,906	25,094
Sevenoaks Factor Credit Line	<u>8,258</u>	<u>60,210</u>
Total current liabilities	<u>1,316,384</u>	<u>1,493,295</u>
<u>Long Term Liabilities</u>		
Notes payable	<u>540,165</u>	<u>606,894</u>
Total liabilities	<u>1,856,549</u>	<u>2,100,189</u>
<u>Net Assets</u>		
Without Donor Restriction		
Undesignated	<u>(499,064)</u>	<u>(353,600)</u>
Totals	<u>(499,064)</u>	<u>(353,600)</u>
Total Liabilities and Net Assets	<u>\$ 1,357,485</u>	<u>\$ 1,746,589</u>

The accompanying notes are an integral part of these statements.

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

CHANGES IN UNRESTRICTED NET ASSETS

<u>Revenues and Gains</u>	Without Donor Restrictions	
	<u>2021</u>	<u>2020</u>
Unrestricted Support Revenues:		
Grant-Office of Mental Health-River Oaks	\$ 352,794	\$ 381,953
Grant-HUD/City of Baton Rouge-Options Villa	120,406	174,599
Rent Income-River Oaks	101,302	126,033
Rent Income-Options Villa	72,114	90,088
Rent Income-Options West	10,520	1,496
Rent Income-Options East	10,530	14,050
Rent Income Bayou Bingo	-	86,842
Income EVG BB	109,267	396,219
Income EVG Drusilla	-	-
Rent Drusilla Hall	-	-
Donations	10,167	545
Management Fees	15,219	62,591
Charitable Gaming	601	18,190
Vending Income	-	642
Insurance EVG BB	-	-
Other	151,480	10,590
<u>Total Revenues and Gains</u>	<u>\$ 954,400</u>	<u>\$ 1,363,838</u>

The accompanying notes are an integral part of these statements.

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

CHANGES IN UNRESTRICTED NET ASSETS-continued

<u>Expenses</u>	<u>Without Donor Restrictions</u>	
	<u>2021</u>	<u>2020</u>
Program Services:		
River Oaks	\$ 616,461	\$ 541,614
Options Villa	298,932	269,625
Options West	11,383	3,171
Options East	16,779	16,398
Support Services:		
Bayou Bingo	50,658	128,268
LSU Bingo	284	303
EVG BB	81,642	491,478
EVG Drusilla	16,880	(22,070)
Drusilla Hall	1,380	(406)
Vending	-	736
Charitable Gaming	5,465	54,648
<u>Total Expenses</u>	<u>1,099,864</u>	<u>1,483,765</u>
<u>Change in Net Assets</u>	(145,464)	(119,927)
<u>Net Assets - beginning of period</u>	<u>(353,600)</u>	<u>(233,673)</u>
<u>Net Assets - end of period</u>	<u>\$ (499,064)</u>	<u>\$ (353,600)</u>

The accompanying notes are an integral part of these statements.

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

<u>Expenses</u>	River Oaks	Options Villa	Options West	Options East	EVG BB	EVG Drusilla	Charitable Gaming	Management and General	Drusilla Hall	Bayou Bingo	LSU Bingo	Vending	2021 Total
Auto mileage	\$ 917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 917
Advertising	-	-	-	-	-	-	-	75	-	-	-	-	75
Audit	-	-	-	-	-	-	-	12,000	-	-	-	-	12,000
Bank and billing charges	-	-	-	-	76	16	-	4,798	-	-	-	-	4,890
Bookkeeping	-	-	-	-	-	-	-	10,010	-	-	-	-	10,010
Contract Services	59,295	-	-	-	-	-	575	6,689	-	-	-	-	66,559
Data Internet	7,200	4,956	-	-	-	-	-	6,990	-	-	-	-	19,146
Depreciation	45	16,278	4,507	7,267	-	-	-	2,792	-	-	-	-	30,889
Equipment/Copier/rent	620	1,113	-	-	-	-	-	-	-	-	-	-	1,733
Food Supply	36,030	30	-	-	-	-	-	-	-	-	-	-	36,060
Insurance Group Health	-	1,280	-	-	-	-	-	-	-	-	-	-	1,280
Insurance - General Liability	-	-	-	-	-	-	-	76,161	-	-	-	-	76,161
Insurance Workers Compensation	1,512	836	-	-	-	296	-	2,095	-	-	-	-	4,739
Insurance D&O	-	-	-	-	-	-	-	1,134	-	-	-	-	1,134
Interest	-	(173)	-	-	-	-	-	13,335	-	-	-	-	13,162
Miscellaneous	-	-	-	-	-	-	-	9,428	-	-	-	-	9,428
Payroll Taxes	14,843	4,914	-	-	-	-	-	6,664	-	-	-	-	26,421
Payroll Fees	-	-	-	-	-	-	-	3,036	-	-	-	-	3,036
Pest Control	651	900	-	-	-	-	-	-	-	-	-	-	1,551
Regulatory Fees	-	-	-	-	3,100	-	-	-	-	-	-	-	3,100
Rent	42,000	-	-	-	2,000	-	-	42,000	1,000	43,000	-	-	130,000
Repairs & Maintenance	12,377	76,264	-	2,500	-	-	-	2,275	-	-	-	-	93,416
Salaries	188,855	59,920	-	-	18,000	18,000	-	175,740	-	-	-	-	460,515
Sessions Bank	-	-	-	-	-	-	(403)	-	-	-	-	-	(403)
Supplies	5,979	459	-	-	-	-	-	3,502	-	-	-	-	9,940
Security	-	-	-	-	252	(1,136)	-	348	-	-	-	-	(536)
Taxes and licenses	381	-	-	-	-	-	5,000	-	-	-	-	-	5,381
Transportation	473	-	-	-	-	-	-	-	-	-	-	-	473
Telecommunications	-	-	-	-	-	-	-	2,913	-	1,639	-	-	4,552
Corporate Overhead Allocation	222,591	94,370	5,157	5,162	58,214	-	293	(385,787)	-	-	-	-	\$ -
Utilities	22,692	37,785	1,719	1,850	-	(296)	-	3,802	380	6,019	284	-	74,235
	<u>\$ 616,461</u>	<u>\$ 298,932</u>	<u>\$ 11,383</u>	<u>\$ 16,779</u>	<u>\$ 81,642</u>	<u>\$ 16,880</u>	<u>\$ 5,465</u>	<u>\$ -</u>	<u>\$ 1,380</u>	<u>\$ 50,658</u>	<u>\$ 284</u>	<u>\$ -</u>	<u>\$ 1,099,864</u>

The accompanying notes are an integral part of these statements.

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

<u>Expenses</u>	River Oaks	Options Villa	Options West	Options East	EVG BB	EVG Drusilla	Charitable Gaming	Management and General	Drusilla Hall	Bayou Bingo	LSU Bingo	Vending	2020 Total
Audit	-	-	-	-	-	-	-	12,000	-	-	-	-	12,000
Bank and billing charges	-	-	-	-	846	98	83	4,453	-	-	-	-	5,480
Bookkeeping	-	-	-	-	-	-	-	9,929	-	-	-	-	9,929
Contract Services	45,365	-	-	-	-	-	1,975	10,243	-	12,715	-	-	70,298
Charities Expense	-	-	-	-	184,085	-	-	-	-	-	-	-	184,085
Data Internet	6,972	4,715	-	-	6,668	6,724	-	7,335	-	-	-	-	32,414
Depreciation	45	22,261	-	7,267	41,501	-	-	45,129	-	10,698	-	-	126,901
Equipment/Copier/rent	964	1,265	-	-	-	-	-	-	-	-	-	-	2,229
Food Supply	22,387	1,000	-	-	-	-	-	-	-	-	-	-	23,387
Fuel	2,990	-	-	-	-	-	-	-	-	-	-	-	2,990
Insurance - General Liability	-	-	-	-	-	-	-	72,202	-	-	-	-	72,202
Insurance Workers Compensation	3,486	2,125	-	-	1,919	296	242	5,177	-	-	-	-	13,245
Insurance D&O	-	-	-	-	-	-	-	14,380	-	-	-	-	14,380
Interest	-	3,904	-	-	-	-	12,956	128,077	-	-	-	-	144,937
Payroll Taxes	12,334	6,617	-	-	-	3,583	479	6,648	-	-	-	-	29,661
Payroll Fees	-	-	-	-	25	-	-	3,373	-	-	-	-	3,398
Pest Control	1,300	1,743	-	158	-	950	-	-	-	50	-	-	4,201
Progressive Bingo	-	-	-	-	-	-	6,500	-	-	-	-	-	6,500
Regulatory Fees	-	-	-	-	19,468	750	-	-	-	-	-	-	20,218
Rent	42,000	-	-	-	(18,712)	-	18,468	42,000	-	50,875	-	-	134,631
Repairs & Maintenance	-	-	-	-	-	185	-	-	-	6,876	-	-	7,061
Salaries	156,696	86,288	-	-	61,054	18,000	5,420	177,310	-	-	-	-	504,768
Sessions Bank	-	-	-	-	-	-	271	-	-	-	-	-	271
Software Licenses	-	-	-	-	20,825	5,320	-	-	-	-	-	-	26,145
Supplies	1,853	2,425	-	-	3,797	-	4,299	1,120	-	401	-	463	14,358
Security	-	-	-	-	2,056	(71,518)	-	220	-	-	-	-	(69,242)
Taxes and licenses	381	-	-	-	-	-	9,201	-	-	-	-	-	9,582
Transportation	1,519	-	-	-	-	-	-	-	-	-	-	-	1,519
Telecommunications	-	-	-	-	-	-	-	3,265	-	1,652	-	-	4,917
Corporate Overhead Allocation	215,321	112,193	634	5,955	167,946	-	7,710	(546,842)	-	36,810	-	272	(0)
Utilities	28,001	25,089	2,537	3,018	-	586	-	3,981	(406)	8,191	303	-	71,300
	<u>\$ 541,614</u>	<u>\$ 269,625</u>	<u>\$ 3,171</u>	<u>\$ 16,398</u>	<u>\$ 491,478</u>	<u>\$ (22,070)</u>	<u>\$ 54,648</u>	<u>\$ -</u>	<u>\$ (406)</u>	<u>\$ 128,268</u>	<u>\$ 303</u>	<u>\$ 735</u>	<u>\$ 1,483,765</u>

The accompanying notes are an integral part of these statements.

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (145,464)	\$ (119,927)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	30,889	126,901
(Increase) decrease in resident funds	(48,661)	(23,456)
(Increase) decrease in Progressive Bingo funds	11,607	7,900
(Increase) decrease in contracts receivable	46,533	35,308
(Increase) decrease in other current assets	2,574	(38,167)
(Increase) decrease in deposits	4,987	-
Increase (decrease) in accounts payable	25,207	(148,803)
Increase (decrease) in Progressive Bingo Liability	(9,750)	
Increase (decrease) in accrued liabilities	12,956	44,096
Increase (decrease) in resident funds payable	48,661	23,456
Net cash provided (used) by operating activities	<u>(20,461)</u>	<u>(92,692)</u>
<u>Cash Flows From Investing Activities</u>		
Advances from/(to) related companies	173,927	(107,745)
Purchase of property	-	-
Net cash provided by investing activities	<u>173,927</u>	<u>(107,745)</u>
<u>Cash Flows From Financing Activities</u>		
Loan Proceeds - short term debt	-	272,837
Loan payments - short term debt	(196,900)	(94,482)
Loan Proceeds - long term debt	-	159,900
Loan payments-long term debt	(127,044)	-
Net cash provided (used) by financing activities	<u>(323,944)</u>	<u>338,255</u>
Increase (Decrease) in Cash and Cash Equivalents	(170,478)	137,818
Cash and cash equivalents, beginning of period	172,840	35,022
Cash and cash equivalents, end of period	<u>\$ 2,362</u>	<u>\$ 172,840</u>
Cash Paid for Interest	<u>\$ 13,162</u>	<u>\$ 115,123</u>
Non-cash debt forgiveness PPP Loan	<u>\$ 115,000</u>	

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. **Summary of Significant Accounting Policies**

(a) **Organization and Nature of Activities**

Options Foundation, Inc. is a private, non-profit organization whose purpose is to provide services for people with behavioral health requirements primarily in Baton Rouge, Louisiana. Rent is collected from residents.

Options Foundation, Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Options Foundation, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There were unrelated business losses for 2021 and 2020.

(b) **Basis of Accounting**

The Organization maintains its books and prepares its financial statements on the accrual basis of accounting according to accounting principles generally accepted in the United States of America. Consequently, revenues are recognized when earned, and expenses are recognized when incurred. All significant receivables, payables and other liabilities are reflected in the financial statements.

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

The Organization allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

(c) **Net Assets**

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions. The Organization's net assets balance is comprised only of net assets without donor restrictions.

(d) **Other Accounting Policies**

Cash Equivalents

The Organization considers all highly liquid investments, including certificates of deposit with maturity of three months or less, to be cash equivalents.

Contributions

The Organization is required to report its contributions received as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization did receive a donation of the use of a facility which is reflected as donations received and rent expense. See Note 7.

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

1. **Summary of Significant Accounting Policies (continued)**

Accounts Receivable

Contract receivables, where recognized, are actual amounts owed to the Organization and are recognized at net amount owed with no allowance for uncollectible accounts. Management expects all receivables to be collectible for the years ended June 30, 2021 & 2020.

Use of Estimates

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

Cash in Banks

All funds are in institutions insured by an agency of the Federal Government, the Federal Deposit Insurance Corporation.

Subsequent Events

The Organization has evaluated subsequent events through February 8, 2022, the date the financial statements were available to be issued, for recording and disclosure.

Functional Expense Policy

The costs of programs services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expense by function. Accordingly the management fee has been allocated between all of the program services.

2. **Fixed Assets**

Fixed assets acquired by Options Foundation, Inc. are considered owned by the Organization. However, State funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State has a reversionary interest in those assets purchased with its funds, which have a cost of \$500 or more, and an estimated useful life of at least two years.

Options Foundation, Inc. follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

<u>Estimated Useful Life</u>	
Buildings & Improvements	30 years
Furniture & equipment	5 - 12 years
Transportation equipment	5 years

Depreciation expense was \$ 30,889 and \$ 126,901 for the years ended June 30, 2021 and 2020, respectively. The organization acquired \$3,729 in fixed assets and disposed of \$26,115 in fixed assets in 2021 and did not have any changes in fixed assets during the year ended June 30, 2020.

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

3. **Resident Funds Payable/Representative Payee Account**

Options Foundation, Inc., as a non-profit organization, has been designated a representative payee by the Social Security Administration for certain individuals participating in Options' residential programs. As representative payee, Options receives Social Security and/or Supplement Security Income (SSI) payments for individuals who cannot manage, or direct someone else to manage his or her money. The main responsibility of the payee is to use the funds to pay for the current and foreseeable needs of the beneficiary and to save any remaining funds for the beneficiary. A fee is collected by Options for performing this function. Because the funds are maintained and not owned by Options Foundation, Inc., the cash balance has been recorded as an asset on the financial statements with a corresponding liability of an equal amount.

4. **Contracts Receivable**

Receivables at years ended June 30, 2021 and 2020 are summarized below.

	<u>2021</u>	<u>2020</u>
DHH Office of Mental Health	\$ 35,662	\$ 68,160
Office of Community Development (HUD)	45,424	59,458
Other	<u>14,170</u>	<u>14,170</u>
	<u>\$ 95,256</u>	<u>\$ 141,788</u>

5. **Allowance for doubtful accounts – contracts receivable**

Uncollectible contracts receivable are charged directly to earnings when they are determined to be uncollectible. All accounts receivable are evaluated completely at the end of each fiscal year and no allowance is deemed necessary.

6. **Compensated Absences**

The Organization allows full-time employees to receive compensation for vacation and sick leave as workload allows. Compensated absences for vacation and sick pay have not been accrued since they cannot be reasonably estimated, but are expensed as incurred.

7. **Leased Facilities**

Facilities used by Options Foundation, Inc. for River Oaks were leased for \$42,000 per year for the years ended June 30, 2021 and 2020, respectively, from C&B Investments. The current lease is a month-to-month lease.

Options Foundation, Inc. entered into a one year lease on June 1, 2011 with C & B Investments for the administrative office located at 8540 Quarters Lake Road in Baton Rouge, Louisiana. The monthly rent is \$3,000 per month. There was an automatic renewal clause in the lease. The lease was renewed in fiscal June 30, 2012 for \$3,500 per month. For FYE 6-30-2021 and 6-30-2020 the rent remained \$3,500 per month.

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

On March 12, 2012, Options entered into a commercial lease for a Bingo Hall located at 15450 George O'Neal Road, Suites 8 & 9 in Baton Rouge, Louisiana. The lease was for two years with an option for a two year renewal with a monthly rental of \$4,300 per month. Upon acquiring the lease in March of 2012, prepaid rent of \$35,000 was paid of which \$30,100 remained prepaid at June 30, 2012. During the year ended June 30, 2013 \$21,500 of rent was paid and \$30,100 of prepaid rent was expensed for a total of \$51,600. For the year ended June 30, 2016 \$51,600 was paid. For fiscal 2021 and fiscal 2020, the lease was month-to-month at a monthly rate of \$4,300 per month. The hall was shut down in April of 2021 and only ten months' rent was incurred.

8. **Related Party Transactions**

Options Foundation, Villa Care, Options for Ascension, and CHDO are under common control and have the same board of directors. The total amount owed to Options Foundation, Inc. from the related organizations amounted to \$ 452,368 and \$ 626,295 for the years ended June 30, 2021 and 2020, respectively. Balances of receivables and payables are a result of working capital advances to and from related organizations. The amounts owed at June 30, 2021 are as follows:

Due from Villa Care	\$ 491,860
Less Villa Care Reserve	(31,650)
Due to C&B Investments	(31,093)
Due from Options for Ascension	154
Due from CHDO	<u>23,097</u>
Total Amounts due	<u>\$ 452,368</u>

Brent Nettles who is the Executive Director is also an owner of C&B Investments which leases property to Options Foundation. (See Note 7)

9. **Commitments, Contingencies, Concentrations and Economic Dependency**

Revenue – Options Foundation, Inc. receives a portion of its revenues from federal and state government grants and contracts, many of which are subject to audit by the federal or state government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to, and audited by, the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is not aware of any pending audits or proposed adjustments, and no provisions for estimated retroactive adjustments have been made. In regards to the HUD Office of Community Development Grant for Options Villa, the grant has been in effect for many years and the term of the grant is for the period beginning February 1st of each grant year and ending on January 31st of each grant year. The grant provided for reimbursements of qualified expenditures made during the period of the grant. The amounts expended in accordance with this grant have been reimbursed through the Louisiana Housing Corporation. The reimbursements are habitually late for the HUD funds. The amounts due for the reimbursements of expenditures are included in Contracts receivable. (See Note 4)

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

Options Foundation, Inc. received support from a number of sources. Significant among those are the following, reflecting their percent of total revenues provided in 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Housing & Urban Development (HUD)	13%	13%
State of Louisiana Department of Health & Hospitals	37%	28%
Bingo/Gaming	12%	30%

The Bingo/Gaming revenues decreased as a result primarily of the COVID-19 virus. The gaming activities were terminated in 2021.

10. **Payroll taxes and related payables**

Prior to fiscal years ending in 2010 and 2011, payroll was maintained by Option's personnel and there was a problem; in that years later it was determined by the Internal Revenue Service that the employee yearly earnings reports, forms W-2s, were not filed. As a result, significant penalties were assessed against Options Foundation, Inc. These penalties are recorded on these financial statements for the year ended June 30, 2011. Attempts were made to have the penalties waived. During fiscal year June 30, 2012, the Internal Revenue Service did waive penalties which totaled \$ 67,642 and are recorded as revenue for the year ending June 30, 2012. The total amount owed to the Internal Revenue Service for the penalties amounted to zero for the years ended June 30, 2018 and 2017, respectively.

In prior years the unemployment taxes for the Louisiana Workforce Commission were determined using a reimbursable account which is not the norm for most employers. As a result there is a large balance due for old taxes. As of January 1, 2011, Options has been allowed to pay taxes like most other employers in the state of Louisiana which has resulted in a much lower tax obligation. Efforts are also being made to reduce or waive the old balance. The total amount owed to the Louisiana Workforce Commission for the unemployment taxes amounted to \$138,887 for the years ended June 30, 2021 and 2020, respectively.

11. **Notes Payable**

Notes payable consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
--	-------------	-------------

Note dated September 14, 2000 with an original balance available of \$171,000, maturing April 1, 2021. The loan is a principal only (no interest) loan for a term of twenty years, payable in monthly installments of \$712.50 beginning April 1, 2001. The loan is secured by a first mortgage on the subject property listed as 143 & 145 N. 24th Street and 2386 Convention St., Baton Rouge, LA. The source of the loan is Federal grant funds available under the Community Development Block Grant (CDBG) Program, as provided to the City of Baton Rouge-Parish of East Baton Rouge under grant agreements with the U.S. Department of Housing and Urban Development. The loan proceeds are restricted to property acquisition and rehabilitation construction costs.

Less: current maturities	\$ 2,316	\$ 12,291
	<u>(2,316)</u>	<u>(8,550)</u>
Long-term debt, less current portion	<u>\$ -</u>	<u>\$ 13,217</u>

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

2021 2020

Note dated July 7, 2003 with an original balance available of \$88,000, maturing July 15, 2023. Principal is first repayable in 60 equal installments of \$656.20 each, commencing August 15, 2003. Starting August 15, 2008, principal is repayable in 179 equal installments of \$635.67 each. The final principal payment of \$634.35 will be made on July 15, 2023. For the first sixty months, the interest rate on this note will be 6.5%. Thereafter, the interest rate is subject to change based on changes in an independent index, the Weekly Average Yield on U.S. Treasury Securities. The variable interest rate on this note can be no less than 6% and no higher than 14.5%. This interest rate at June 30, 2018 was 6%. The loan is secured by Collateral Mortgage Note dated July 7, 2003.

Less: current maturities	\$ 21,080	\$ 28,805	
Long-term debt, less current portion	<u>(5,446)</u>	<u>(5,446)</u>	
	\$ <u>15,634</u>	\$ <u>23,359</u>	

Note dated February 15, 2008 with an original balance of \$125,000, maturing May 31, 2028. The loan is a principal only (no interest) loan for a term of twenty years, payable in monthly installments of \$521.00 beginning May 31, 2008. The loan is secured by a first mortgage on the subject property listed as 2631 Convention Street, Baton Rouge, LA. The source of the loan is Federal grant funds available under the Community Development Block Grant (CDBG) Program, as provided to the City of Baton Rouge-Parish of East Baton Rouge under grant agreements with the U.S. Department of Housing and Urban Department. There are continuing compliance restrictions imposed on the loan.

Less: current maturities	\$ 43,568	\$ 50,862	
Long-term debt, less current portion	<u>(6,252)</u>	<u>(6,252)</u>	
	\$ <u>37,316</u>	\$ <u>44,610</u>	

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

Note dated May 19, 2008 with an original balance of \$55,000, maturing June 30, 2028. The loan is a principal only (no interest) loan for a term of twenty years, payable in monthly installments of \$230.00 beginning June 30, 2008. The loan is secured by a first mortgage on the subject property listed as 2618 Convention Street, Baton Rouge, LA. The source of the loan is Federal grant funds available under the Community Development Block Grant (CDBG) Program, as provided to the City of Baton Rouge-Parish of East Baton Rouge under grant agreements with the U.S. Department of Housing and Urban Development. There are continuing compliance restrictions imposed on the loan.

Less: current maturities
Long-term debt, less current portion

\$ 19,120	\$ 22,513
<u>(2,760)</u>	<u>(2,760)</u>
\$ 16,360	\$ 19,753

Note dated December 16th, 2014 with a balance of \$ 272,556 due in 60 monthly payments of \$2,471 with interest at 5.5% and a final balloon payment on July 16th 2020. The loan is secured by real estate.

Less: current maturities
Long-term debt, less current portion

\$ 199,181	\$ 206,319
<u>(199,181)</u>	<u>(206,319)</u>
\$ 0	\$ 0

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

Notes Payable (continued)

	<u>2021</u>	<u>2020</u>
Note dated March 14, 2014 with a balance of \$257,108 and was after due 59 monthly payments of \$3,705.02. The total balance is past due. with 5.5 % interest and secured by equipment.		
	\$ 41,370	\$ 70,465
Less: current maturities	<u>(41,370)</u>	<u>(70,465)</u>
Long-term debt, less current portion	<u>\$ -</u>	<u>\$ -</u>

Non-negotiable promissory note with a balance of \$326,906 at 4% in equal monthly installments of \$3,694.65 beginning in 2021 until paid.		
	\$323,906	\$ 323,906
Less: current maturities	<u>(10,512)</u>	<u>(10,512)</u>
Long-term debt, less current portion	<u>\$ 313,394</u>	<u>\$ 313,394</u>

Note dated May 20, 2016 with an original balance of \$75,000 with interest at 5.5% with payments monthly of \$1,148.80 due May 20, 2023 secured by real estate owned by C&B Investments.		
	\$ -	\$ 52,365
Less Current maturities	<u>-</u>	<u>(10,229)</u>
Long-term debt, less current portion	<u>\$ -</u>	<u>\$ 42,136</u>

Economic Injury Disaster Loan (EIDL) (SBA) dated June 1, 2020 with interest at 2.75% with monthly payments of \$652.78 commencing in July of 2021 for thirty years.		
	\$164,298	\$159,900
Less Current maturities	<u>(6,837)</u>	<u>(-)</u>
Long-term debt, less current portion	<u>\$157,461</u>	<u>\$159,900</u>

Estimated principal maturities on long-term debt are as follows:

June 30, 2022	\$ 274,674
June 30, 2023	65,831
June 30, 2024	82,118
June 30, 2025	53,217
June 30, 2026	54,749
Thereafter	<u>284,251</u>
Total	<u>\$ 814,840</u>

Options Foundation, Inc. has a short term financing agreement for insurance with IPSF Corporation with interest at 5.8 percent.

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

12. **Charitable Gaming**

During 2008 Options Foundation, Inc. began conducting charitable gaming in the form of traditional and video bingo games. Louisiana law allows non-profit organization to partner with for profit organizations to conduct these activities with the proceeds going to the non-profit organization. Expenses for these activities include session rent, supplies and labor. There are separate cash accounts used for these purposes and a separate account used to fund the Progressive Bingo liability. Because of Covid-19, all gaming activities were terminated in 2021.

13. **Uncertainties**

As disclosed in note 8 **Related Party Transactions**, there are significant amounts owed to Options Foundation, Inc. from related affiliate non-profit organizations. These affiliated organizations are funded by government grants and contracts which only provide for certain support. As a result of the needs of residents in Villa Care the expenses are much greater than the amount which has been provided in the funding with the government agency. In order to maintain the facilities for the residents, Options Foundation has continued to provide additional funds. During the years ended June 30, 2015 and 2014, management managed to recover additional funds from the agency to cover the shortages created over the years. An allowance has been made for the amount receivable from Villa Care. In November of 2013 a new contract was executed with the City of Baton Rouge for a HUD program grant in the amount of \$500,000 for a period of twelve months from February 1, 2013 through January 31, 2014 and another contract was entered into for the period from February of 2014 through January of 2015. The grant includes Options Foundation and all of the related affiliate non-profit organizations. This has greatly improved the chances for the ultimate collectability of the related party receivables. At this time, the ultimate collectability of all these accounts remains uncertain.

14. **Net Assets Without Donor Restrictions**

Grants and funds received by Options Foundation, Inc. are temporarily restricted in that the funds are generally program specific and to be spent in accordance with grant guidelines. All temporarily restricted funds were disbursed during the year. As a result, at the end of each year none of Option's net assets were subject to any donor-imposed restrictions.

15. **Board of Directors' Compensation**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member for director's fees.

16. **Retirement Plan**

All employees are covered under the social security program. No other retirement plan is maintained.

17. **Advertising**

The Organization expenses advertising expenses as incurred. The advertising expenses for 2021 were \$75 and the advertising expenses for 2020 were zero.

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

18. **Functional Allocation of Expenses**

The costs of providing various programs and activities have been summarized in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization has determined that fund-raising costs other than charitable gaming are not material.

19. **Uncertain Tax Positions**

The organization is subject to examination by various taxing authorities. Management has reviewed the Organization's activities and believes that no additional amounts or disclosures are needed, as the effect of any uncertain positions is not material to the financial statements. The tax returns for the years 2021, 2020, and 2019 are open for examination by various taxing authorities.

20. **Executive Director's Compensation**

Brent Nettles is the only officer who received any compensation. Mr. Nettles received \$132,000 for the fiscal year ended June 30, 2021 and \$120,000 for the fiscal year ended June 30, 2020

21. **Liquidity and Availability**

Options Foundation has \$97,617 of financial assets available within 1 year as of the 2021 balance sheet date and \$326,235 within 1 year of the 2020 balance sheet date to meet cash needs for general expenditures consisting of cash of \$2,362 and accounts receivable of \$95,256 for 2021 and cash of \$184,447 and receivables of \$141,788 for 2020. None of these assets are subject to any donor restrictions that would make them unavailable for general expenditures within one year from each respective balance sheet date. The resident fund cash can only be used for residents' expenditures. (See Note 5)

22. **Subsequent Event/COVID 19/PPP Loan**

In December of 2019, an outbreak of a novel strain of coronavirus (COVID19 originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time.

Options Foundation received a PPP Loan (Paycheck Protection Program - SBA) in the amount of \$115,000. Although the \$115,000 is a loan, the program allows for the loan to be forgiven if the amount of the loan is used for prescribed purposes. The PPP loan was recorded as a liability in fiscal 2020. The loan was forgiven in fiscal year 2021 and is included in other income for 2021.

SUPPLEMENTAL INFORMATION

OPTIONS FOUNDATION, INC.
SCHEDULE OF FEDERAL/STATE FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2021

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>ALL PASS-THROUGH GRANTOR'S NUMBER</u>	<u>DISBURSEMENTS EXPENDITURES</u>	
		<u>FEDERAL</u>	<u>STATE</u>
Department of Housing and Urban Development			
Pass through programs from:			
Continuum of Care Program	14.267	\$ 120,406	\$ -
Block Grant Section 108 Loan Guarantees	14.248	<u>74,470</u>	<u>-</u>
Subtotal Department of Housing and Urban Development		<u>194,876</u>	<u>-</u>
U. S. Small Business Administration			
COVID-19 Economic Injury Disaster Loans	59.008	159,900	
Louisiana Department of Health and Hospitals	709822	<u>-</u>	<u>352,794</u>
Totals		<u>\$ 354,776</u>	<u>\$ 352,794</u>

OPTIONS FOUNDATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL /STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal/state financial assistance programs (the Schedule) includes the federal grant activity of Options Foundation, Inc. under programs of the federal government for the year ended June 30, 2021. Because the Schedule presents only a selected portion of the operations of Options Foundation, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Options Foundation, Inc.

2. **Summary of Significant Accounting Policies**

- (a) Expenditures reported on the Schedule are reported on the accrual basis of accounting.
- (b) Pass-through entity identifying numbers are presented where available.

3. **Insurance**

Options Foundation, Inc. is in compliance with insurance requirements which specify that they will provide Worker's Compensation and Employers' Liability insurance covering all employees engaged in services in compliance with the laws of the State of Louisiana. Options Foundation is also in compliance with the requirement to have a minimum coverage of \$1,000,000 for general liability and automobile liability.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Options Foundation, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Options Foundation, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Options Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Options Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Options Foundation, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Options Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ehricht & Associates, LLC

Baton Rouge, Louisiana
February 8, 2022

OPTIONS FOUNDATION, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2021

Summary of Audit Results

- a. The auditors' report expressed an unmodified opinion on the financial statements of Options Foundation, inc., for the year ended June 30, 2021.
- b. *Report on Internal Control and Compliance Material to the Financial Statements*
 - Internal Control
 - Material Weaknesses Yes No
 - Significant Deficiencies Yes No
 - Compliance
 - Compliance Material to Financial Statements Yes No
 - Auditee qualifies as low risk Yes No