

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

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Options Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, 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 present fairly, in all material respects, the financial position of Options Foundation, Inc. (a nonprofit organization), as of June 30, 2022 and 2021, and the changes in its net assets, functional expenses 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Options Foundation, Inc. (a nonprofit organization), to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Options Foundation, Inc. (a nonprofit organization)'s, ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the 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 Options Foundation, Inc. (a nonprofit organization)'s, internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ABC Partnership'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.

Supplementary 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 December 26, 2022 on our consideration of Options Foundation, Inc. (a nonprofit organization)'s, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Options Foundation, Inc. (a nonprofit organization)'s, internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ABC Partnership's internal control over financial reporting and compliance.



Ehricht & Associates

Baton Rouge, LA
December 26, 2022

FINANCIAL STATEMENTS

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
<u>Current Assets</u>		
Cash and cash equivalents	\$ 460,297	\$ 2,362
Cash - resident funds	276,823	258,334
Cash - Progressive Bingo	-	-
Contract receivables	-	118,477
Other current assets	<u>91,463</u>	<u>94,147</u>
Total current assets	828,583	473,320
<u>Fixed Assets</u>		
Land	88,325	88,325
Buildings	833,516	833,516
Vehicles	50,397	50,397
Furniture and Fixtures	78,950	73,483
Improvements	43,668	97,605
Computers and Equipment	<u>627,943</u>	<u>626,143</u>
	1,722,799	1,769,469
Accumulated Depreciation	<u>(1,301,808)</u>	<u>(1,314,451)</u>
Total fixed assets	420,991	455,018
<u>Other Assets</u>		
Deposits	-	-
Goodwill net of \$33,600 amortization for 2021/\$33,600 for 2020	-	-
Due from Related Companies	<u>306,942</u>	<u>408,773</u>
Total Other Assets	306,942	408,773
Total Assets	<u>\$ 1,556,516</u>	<u>\$ 1,337,111</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 175,988	\$ 344,009
Short-term notes payable	90,233	108,746
Notes payable - current portion	212,349	274,674
Other accrued expenses	116,037	102,900
Resident funds payable	276,823	258,334
Progressive Bingo liability	-	-
Accrued wages	15,234	14,620
Payroll taxes and related payables	138,887	138,887
Due to Related Organizations	529,401	-
National Funding Finance Company	-	30,050
Line of Credit South Louisiana Bank	22,932	35,906
Sevenoaks Factor Credit Line	<u>-</u>	<u>8,258</u>
Total current liabilities	1,577,884	1,316,384
<u>Long Term Liabilities</u>		
Notes payable	<u>874,696</u>	<u>540,165</u>
Total liabilities	2,452,580	1,856,549
<u>Net Assets</u>		
Without Donor Restriction		
Undesignated	<u>(896,264)</u>	<u>(519,438)</u>
Totals	(896,264)	(519,438)
Total Liabilities and Net Assets	<u>\$ 1,556,316</u>	<u>\$ 1,337,111</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, 2022 AND 2021

<u>Revenues and Gains</u>	<u>CHANGES IN UNRESTRICTED NET ASSETS</u>	
	Without Donor Restrictions	
	<u>2022</u>	<u>2021</u>
Unrestricted Support Revenues:		
Grant-Office of Mental Health-River Oaks	\$ 365,821	\$ 352,794
Grant-HUD/City of Baton Rouge-Options Villa	152,095	120,406
Rent Income-River Oaks	87,567	101,302
Rent Income-Options Villa	89,870	72,114
Rent Income-Options West	10,150	10,520
Rent Income-Options East	9,180	10,530
Rent Income Bayou Bingo	-	-
Income EVG BB	-	109,267
Income EVG Drusilla	-	-
Rent Drusilla Hall	-	-
Donations	1,821	10,167
Management Fees	19,779	15,219
Charitable Gaming	-	601
Vending Income	-	-
Insurance EVG BB	-	-
Other	3,184	151,480
<u>Total Revenues and Gains</u>	<u>\$ 739,467</u>	<u>\$ 954,400</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, 2022 AND 2021

CHANGES IN UNRESTRICTED NET ASSETS-continued

<u>Expenses</u>	<u>Without Donor Restrictions</u>	
	<u>2022</u>	<u>2021</u>
Program Services:		
River Oaks	\$ 633,918	\$ 616,461
Options Villa	356,513	298,932
Options West	15,637	11,383
Options East	33,235	16,779
Support Services:		
Bayou Bingo	-	50,658
LSU Bingo	269	20,658
EVG BB	24,778	81,642
EVG Drusilla	47,739	16,880
Drusilla Hall	-	1,380
Vending	-	-
Charitable Gaming	4,204	5,465
<u>Total Expenses</u>	<u>1,116,293</u>	<u>1,120,238</u>
<u>Change in Net Assets</u>	(376,826)	(165,838)
<u>Net Assets - beginning of period</u>	<u>(519,438)</u>	<u>(353,600)</u>
<u>Net Assets - end of period</u>	<u>\$ (896,264)</u>	<u>\$ (519,438)</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, 2022

<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	\$ 97	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-
Audit	-	-	-	-	-	-	-	12,000	-	-	-	-	12,000
Bank and billing charges	-	-	-	-	-	-	-	3,583	-	-	-	-	3,583
Bookkeeping	-	-	-	-	-	-	-	11,315	-	-	-	-	11,315
Contract Services	15,004	130	-	-	-	-	105	12,626	-	-	-	-	27,865
Data Internet	7,534	5,708	-	-	-	-	-	786	-	-	-	-	14,028
Depreciation	45	16,278	4,507	7,267	-	-	-	3,449	-	-	-	-	31,546
Equipment/Copier/rent	610	1,679	-	-	-	-	-	-	-	-	-	-	2,289
Food Supply	27,583	1,200	-	-	-	-	-	-	-	-	-	-	28,783
Fuel	2,162	-	-	-	-	-	-	-	-	-	-	-	2,162
Insurance Group Health	-	9,586	-	-	-	-	-	-	-	-	-	-	9,586
Insurance - General Liability	12,475	23,932	2,723	2,405	-	-	-	(7,510)	-	-	-	-	34,025
Insurance Workers Compensation	6,502	2,109	-	-	-	-	-	5,799	-	-	-	-	14,410
Insurance D&O	-	-	-	-	-	-	-	103	-	-	-	-	103
Interest	-	1,412	-	-	6,778	12,956	-	95,815	-	-	-	-	116,961
Miscellaneous	-	-	-	-	-	-	-	9,874	-	-	-	-	9,874
Payroll Taxes	15,924	4,168	-	-	-	-	-	4,528	-	-	-	-	24,620
Payroll Fees	-	-	-	-	-	-	-	3,550	-	-	-	-	3,550
Pest Control	900	1,850	-	-	-	-	-	-	-	-	-	-	2,750
Regulatory Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	48,600	-	-	-	-	-	-	10,800	-	-	-	-	59,400
Repairs & Maintenance	23,339	75,145	89	12,600	-	-	-	950	-	-	-	-	112,123
Salaries	210,721	57,914	-	-	18,000	18,000	-	179,888	-	-	-	-	484,523
Sessions Bank	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	1,184	646	-	-	-	-	-	2,202	-	-	-	-	4,032
Security	-	-	-	-	-	-	-	-	-	-	-	-	-
Software Licenses	-	-	-	-	-	16,783	-	-	-	-	-	-	16,783
Taxes and licenses	536	-	-	-	-	-	4,099	-	-	-	-	-	4,635
Transportation	2,134	-	-	-	-	-	-	-	-	-	-	-	2,134
Telecommunications	-	-	-	-	-	-	-	2,098	-	-	-	-	2,098
Corporate Overhead Allocation	223,495	119,275	5,003	4,526	-	-	-	(352,299)	-	-	-	-	\$ -
Utilities	35,073	35,480	3,315	6,438	-	-	-	443	-	-	269	-	81,018
	<u>\$ 633,918</u>	<u>\$ 356,513</u>	<u>\$ 15,637</u>	<u>\$ 33,236</u>	<u>\$ 24,778</u>	<u>\$ 47,739</u>	<u>\$ 4,204</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269</u>	<u>\$ -</u>	<u>\$ 1,116,293</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

Expenses	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	-	-	20,374	-	33,536
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>\$ 20,658</u>	<u>\$ -</u>	<u>\$ 1,120,238</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (376,826)	\$ (165,838)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	31,546	30,889
(Increase) decrease in resident funds	(18,489)	(48,661)
(Increase) decrease in Progressive Bingo funds	-	11,607
(Increase) decrease in contracts receivable	118,478	46,533
(Increase) decrease in other current assets	2,684	2,574
(Increase) decrease in deposits	-	4,987
Increase (decrease) in accounts payable	(168,020)	25,207
Increase (decrease) in Progressive Bingo Liability	-	(9,750)
Increase (decrease) in accrued liabilities	13,136	12,956
Increase (decrease) in resident funds payable	18,489	48,661
Net cash provided (used) by operating activities	<u>(379,002)</u>	<u>(40,835)</u>
<u>Cash Flows From Investing Activities</u>		
Advances from/(to) related companies	529,402	194,301
Purchase of property	-	-
Net cash provided by investing activities	<u>529,402</u>	<u>194,301</u>
<u>Cash Flows From Financing Activities</u>		
Loan Proceeds - short term debt	90,231	-
Loan payments - short term debt	(13,782)	(196,900)
Loan Proceeds - long term debt	354,397	-
Loan payments-long term debt	(123,311)	(127,044)
Net cash provided (used) by financing activities	<u>307,535</u>	<u>(323,944)</u>
Increase (Decrease) in Cash and Cash Equivalents	457,935	(170,478)
Cash and cash equivalents, beginning of period	2,362	172,840
Cash and cash equivalents, end of period	<u>\$ 460,297</u>	<u>\$ 2,362</u>
Cash Paid for Interest	<u>\$ 116,961</u>	<u>\$ 115,123</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, 2022 AND 2021

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 2022 and 2021.

(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, 2022 and 2021

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. There were no receivables at June 30, 2022.

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 December 26, 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.

1. **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 \$ 31,546 and \$ 30,889 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021

2. **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.

3. **Contracts Receivable**

Receivables at years ended June 30, 2022 and 2021 are summarized below.

	<u>2022</u>	<u>2021</u>
DHH Office of Mental Health	\$ -	\$ 35,662
Office of Community Development (HUD)	-	45,424
Other	-	14,170
	<u>\$ -</u>	<u>\$ 95,256</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 6-30-2022 and 6-30-2021 the rent remained \$3,500 per month. However in fiscal 6-30-2022, a new location was obtained.

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

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JUNE 30, 2022 and 2021

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 2022 and fiscal 2021, 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 net amount owed by Options Foundation, Inc. to the related organizations amounted to \$ 222,460 for the year ended 2022. The total net amount owed to Options Foundation by the related organization amounted to \$408,773 for the year ended 2021. Balances of receivables and payables are a result of working capital advances to and from related organizations. The amounts owed at June 30, 2022 are as follows:

Due from Villa Care	\$ 338,592
Less Villa Care Reserve	(31,650)
Due to C&B Investments	(51,466)
Due to Options for Ascension	(477,810)
Due from CHDO	<u>(126)</u>
Total Amounts due	<u>\$(222,460)</u>

In October of 2021 a major fire at Options for Ascension resulted in rendering the facilities non-inhabitable and all of the residents were forced to be transferred to other quarters. The facility damages were covered by the project's insurance. The loss is estimated to approach \$ 600,000. As of the date of this report, the repairs have not been completed and there are no tenants residing in the project facilities. Options Foundation received \$418,204 of the advance insurance proceeds and this amount was credited to the account with the due to/due from account. As of the balance sheet date, \$200,881 has been expended in fire repairs. Options for Ascension also received additional insurance proceeds for the fire of \$84,583. As of the balance sheet date, Options for Ascension has a deferred liability of \$301,905 for insurance proceeds in excess of insurance repairs which have been incurred.

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

OPTIONS FOUNDATION, INC.
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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. As a result of the COVID problems, Options received additional funding which eliminated many of the issues experienced in the past. (See Note 4)

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>2021</u>
Housing & Urban Development (HUD)	49%	13%
State of Louisiana Department of Health & Hospitals	21%	37%
Bingo/Gaming	%	12%

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, 2022 and 2021, respectively.

11. **Notes Payable**

Notes payable consist of the following at June 30, 2021 and 2020: 2022 2021

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
by a first mortgage on the subject property listed as 143 & 145 N. 24 th 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.	\$ -	\$ 12,291
Less: current maturities	<u>-</u>	<u>(8,550)</u>
Long-term debt, less current portion	<u>\$ -</u>	<u>\$ 13,217</u>

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.	\$ 14,526	\$ 21,993
Less: current maturities	<u>(5,446)</u>	<u>(5,446)</u>
Long-term debt, less current portion	<u>\$ 9,080</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.

	\$ 40,624	\$ 43,694
Less: current maturities	<u>(6,252)</u>	<u>(6,252)</u>
Long-term debt, less current portion	<u>\$ 34,372</u>	<u>\$ 44,610</u>

OPTIONS FOUNDATION, INC.
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

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

\$ 17,993	\$ 22,513
<u>(2,760)</u>	<u>(2,760)</u>
\$ 15,233	\$ 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. The due date was extended to June 16, 2022, and was past due as of June 30, 2022.

Less: current maturities

Long-term debt, less current portion

\$ 175,358	\$ 202,533
<u>(175,358)</u>	<u>(202,533)</u>
\$ 0	\$ 0

OPTIONS FOUNDATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

Notes Payable (continued)

	<u>2022</u>	<u>2021</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.		
	\$ -	\$ 42,407
Less: current maturities	<u>-</u>	<u>(42,407)</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. There have been no payments on this loan.

	\$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>

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.

	\$514,839	\$159,900
Less Current maturities	<u>(12,021)</u>	<u>(-)</u>
Long-term debt, less current portion	<u>\$502,818</u>	<u>\$159,900</u>

Estimated principal maturities on long-term debt at June 30, 2022 are as follows:

June 30, 2023	\$ 212,349
June 30, 2024	36,970
June 30, 2026	37,329
June 30, 2027	38,525
June 30, 2026	41,325
Thereafter	<u>720,748</u>
Total	<u>\$1,087,246</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, 2022 and 2021

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, 2022 and 2021

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 2022, 2021, and 2020 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 \$179,000 for the fiscal year ended June 30, 2022 and \$132,000 for the fiscal year ended June 30, 2021

21. **Liquidity and Availability**

Options Foundation has \$460,297 of financial assets available within 1 year as of the 2021 balance sheet date to meet cash needs for general expenditures consisting of cash of \$460,297 and \$97,617 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 \$2,362. 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/Employee Retention Credits (ERCs)**

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.

After the date of the Statement of Financial Position for June 30, 2022, it was determined that Options Foundation could be able to receive \$226,174 in Employee Retention Credits (ERCs) from the Internal Revenue Service for payroll quarters ending in 2020 and 2021. The amended tax forms have been filed. It is believed that it could take as long as sixteen months to receive the refunds. It is uncertain when and whether the refunds will actually be received. When it becomes probable that the refunds will be able to be received, a receivable will be set up for the amounts expected to be refunded.

SUPPLEMENTAL INFORMATION

OPTIONS FOUNDATION, INC.
SCHEDULE OF FEDERAL/STATE FINANCIAL ASSISTANCE PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	ALL PASS-THROUGH GRANTOR'S NUMBER	DISBURSEMENTS EXPENDITURES	
		FEDERAL	STATE
Department of Housing and Urban Development			
Pass through programs from:			
Continuum of Care Program	14.267	\$ 152,095	\$ -
Block Grant Section 108 Loan Guarantees	14.248	<u>58,617</u>	<u>-</u>
Subtotal Department of Housing and Urban Development		<u>210,712</u>	<u>-</u>
U. S. Small Business Administration			
COVID-19 Economic Injury Disaster Loans	59.008	514,839	
Louisiana Department of Health and Hospitals	709822	<u>-</u>	<u>365,821</u>
Totals		<u>\$ 725,551</u>	<u>\$ 365,821</u>

OPTIONS FOUNDATION, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL /STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022. 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, 2022 and 2021, 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 December 26, 2022.

Report on 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.

Report on 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
December 26, 2022

OPTIONS FOUNDATION, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022.
- 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