

Options for Community Living, Inc. and Affiliates

Combined Financial Statements
and Supplementary Information

December 31, 2022 and 2021

Options for Community Living, Inc. and Affiliates

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December 31, 2022 and 2021

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Independent Auditors' Report

To the Board of Directors of
Options for Community Living, Inc. and Affiliates

Opinion

We have audited the combined financial statements of Options for Community Living, Inc. and Affiliates (Options), which comprise the combined statements of financial position as of December 31, 2022 and 2021, and the related combined statements of activities and change in net assets for the year ended December 31, 2022, and functional expenses and cash flows for the years ended December 31, 2022 and 2021, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of Options as of December 31, 2022 and 2021, and the combined change in their net assets for the year ended December 31, 2022 and their combined cash flows for the years ended December 31, 2022 and 2021 in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Options and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1 to the combined financial statements, on January 1, 2022, Options adopted Accounting Standards Codification Topic 842 as required by Accounting Standards Update 2016-02, *Leases (Topic 842)* and its related amendments. Our opinion is not modified with respect to this matter.

Other Matter

Report on Summarized Comparative Information

We have previously audited the Options' 2021 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated April 13, 2022. In our opinion, the summarized comparative information on the combined statement of activities and change in net assets presented herein for the year ended December 31, 2021 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Options' ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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' 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Options' 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 audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 22 to 23 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, change in net assets and cash flows of the individual organizations, and it is not a required part of the combined 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 combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Baker Tilly US, LLP

Uniondale, New York
April 12, 2023

Options for Community Living, Inc. and Affiliates

Combined Statements of Financial Position

December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,855,914	\$ 3,668,121
Investments	4,769,288	4,744,258
Accounts receivable, net of allowance for doubtful accounts of \$85,000 and \$110,000, respectively	2,060,669	2,707,699
Prepaid expenses and other current assets	427,673	337,280
Total current assets	12,113,544	11,457,358
Assets Limited as to Use		
Reserve for replacements	1,593,984	1,739,429
Residual receipts reserve	40,359	39,764
Tenant deposits held in trust	124,785	124,734
Other assets limited as to use	291,724	307,959
Total assets limited as to use	2,050,852	2,211,886
Right-of-Use Assets, Operating Leases	2,009,896	-
Land, Buildings and Improvements and Equipment, Net	39,001,737	40,662,888
Total assets	<u>\$ 55,176,029</u>	<u>\$ 54,332,132</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 653,597	\$ 717,383
Accrued salaries and related costs	1,067,081	921,623
Due to governmental agencies	997,967	1,681,905
Current portion of long-term debt	289,895	286,414
Deferred income	1,080,082	41,643
Current portion of operating lease liabilities	1,054,897	-
Other current liabilities	3,883	7,027
Total current liabilities	5,147,402	3,655,995
Long-Term Debt, Net	5,895,692	6,098,452
Tenant Deposits Held in Trust	124,785	124,734
Advance From New York State	384,565	384,565
Operating Lease Liabilities	1,014,883	-
Other Liabilities	94,957	74,100
Total liabilities	12,662,284	10,337,846
Net Assets		
Net assets without donor restrictions	42,467,378	43,841,063
Net assets with donor restrictions	46,367	153,223
Total net assets	42,513,745	43,994,286
Total liabilities and net assets	<u>\$ 55,176,029</u>	<u>\$ 54,332,132</u>

See notes to combined financial statements

Options for Community Living, Inc. and Affiliates

Combined Statement of Activities and Change in Net Assets

Year Ended December 31, 2022 (With Summarized Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenue				
Program services:				
Mental health licensed programs	\$ 9,783,032	\$ -	\$ 9,783,032	\$ 8,278,791
Mental health supportive housing	5,819,645	-	5,819,645	5,259,825
ATC - care coordination	4,104,767	-	4,104,767	4,553,653
ATC - residential services	2,879,004	-	2,879,004	2,967,847
HUD Section 811 rental fees	1,717,364	-	1,717,364	1,722,052
Mainstream rent vouchers	1,117,918	-	1,117,918	1,081,411
Thrift shop	34,828	-	34,828	33,417
Total program services	25,456,558	-	25,456,558	23,896,996
Other revenue:				
Investment (loss) income	(448,957)	-	(448,957)	234,887
Contributions and grants	625,999	102,597	728,596	2,429,835
Miscellaneous income	169,920	-	169,920	5,394
Total other revenue	346,962	102,597	449,559	2,670,116
Net assets released from restrictions	209,453	(209,453)	-	-
Total revenue	26,012,973	(106,856)	25,906,117	26,567,112
Expenses				
Program services:				
Mental health licensed programs	7,872,203	-	7,872,203	6,826,899
Mental health supportive housing	5,430,996	-	5,430,996	4,954,192
ATC - care coordination	3,821,968	-	3,821,968	4,039,915
ATC - residential services	3,832,626	-	3,832,626	3,616,512
HUD Section 811 housing	2,628,313	-	2,628,313	2,248,173
Mainstream rent vouchers	1,125,372	-	1,125,372	1,090,153
Thrift shop	58,759	-	58,759	57,871
Total program expenses	24,770,237	-	24,770,237	22,833,715
Supporting services:				
Management and general	2,935,683	-	2,935,683	2,736,594
Total expenses	27,705,920	-	27,705,920	25,570,309
Change in net assets before capital advances and residual receipts due to HUD	(1,692,947)	(106,856)	(1,799,803)	996,803
Capital advances	352,373	-	352,373	-
Residual receipts due to HUD	-	-	-	(37,966)
Change in net assets	(1,340,574)	(106,856)	(1,447,430)	958,837
Net Assets, Beginning	43,807,952	153,223	43,961,175	43,035,449
Net Assets, Ending	\$ 42,467,378	\$ 46,367	\$ 42,513,745	\$ 43,994,286

See notes to combined financial statements

Options for Community Living, Inc. and Affiliates

Combined Statement of Functional Expenses

Year Ended December 31, 2022 (With Comparative Totals for 2021)

	Program Services								Supporting	2022 Total	2021 Total
	Mental Health Licensed Programs	Mental Health Supportive Housing	ATC - Care Coordination	ATC - Residential Services	HUD Section 811 Housing	Mainstream Rent Vouchers	Thrift Shop	Total	Management and General		
Salaries	\$ 4,340,752	\$ 2,021,732	\$ 2,572,450	\$ 753,202	\$ 416,551	\$ -	\$ 15,001	\$ 10,119,688	\$ 1,675,133	\$ 11,794,821	\$ 10,778,958
Payroll taxes and employee benefits	1,184,884	662,689	839,589	288,849	121,027	-	6,966	3,104,004	593,553	3,697,557	3,574,933
Total salaries, payroll taxes and employee benefits	5,525,636	2,684,421	3,412,039	1,042,051	537,578	-	21,967	13,223,692	2,268,686	15,492,378	14,353,891
Expenses:											
Money management, clients	165,892	-	-	-	-	-	-	165,892	-	165,892	146,365
Utilities	206,675	291,515	11,253	207,902	312,225	-	4,263	1,033,833	24,612	1,058,445	904,009
Rent and real estate taxes	242,597	1,450,533	66,937	20,414	-	-	-	1,780,481	-	1,780,481	1,630,727
Interest	240,114	20,459	5,931	2,509	-	-	-	269,013	15,880	284,893	295,969
Maintenance and repairs	225,734	195,553	17,552	407,981	440,458	-	2,251	1,289,529	28,631	1,318,160	990,698
Travel	51,434	39,249	54,389	14,460	-	-	-	159,532	4,952	164,484	147,490
Telephone	88,062	43,514	59,435	17,763	-	-	2,305	211,079	20,014	231,093	235,761
Office and computer expenses	119,255	65,786	32,273	22,951	-	-	682	240,947	63,224	304,171	287,850
Dues and subscriptions	3,549	10,079	7,731	1,665	-	-	1	23,025	6,095	29,120	39,190
Outreach and recruitment	10,516	5,201	6,800	3,900	-	-	-	26,417	26,981	53,398	45,078
Staff training and development	33,391	17,196	14,775	3,621	-	-	772	69,755	34,975	104,730	74,699
Insurance	96,013	54,498	22,925	72,380	64,039	-	1,183	311,038	22,248	333,286	279,709
Program supplies and expenses	24,444	46,025	45,901	7,564	55,691	-	-	179,625	-	179,625	197,850
Food	81,627	408	-	-	-	-	-	82,035	-	82,035	74,711
Household supplies	66,376	95,980	3,799	33,568	-	-	-	199,723	-	199,723	174,220
Contracted services and professional fees	322,736	218,625	39,568	284,283	414,032	7,454	7,880	1,294,578	332,879	1,627,457	1,306,043
Minor equipment	44,835	52,810	1,229	56,924	-	-	150	155,948	2,771	158,719	150,390
Rental assistance and related expenses	-	7,584	-	804,430	-	1,117,918	770	1,930,702	-	1,930,702	2,047,163
Bad debt	3,674	14,088	-	35,538	9,923	-	-	63,223	-	63,223	-
Special event expenses	-	-	-	-	-	-	-	-	4,338	4,338	-
Transition and start up expenses	-	-	-	-	-	-	-	-	3,652	3,652	48,123
Depreciation	316,456	117,312	18,346	792,486	794,367	-	16,535	2,055,502	48,187	2,103,689	2,109,214
Miscellaneous expense	3,187	160	1,085	236	-	-	-	4,668	27,558	32,226	31,159
Total expenses	\$ 7,872,203	\$ 5,430,996	\$ 3,821,968	\$ 3,832,626	\$ 2,628,313	\$ 1,125,372	\$ 58,759	\$ 24,770,237	\$ 2,935,683	\$ 27,705,920	\$ 25,570,309

See notes to combined financial statements

Options for Community Living, Inc. and Affiliates

Combined Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services							Supporting Services	
	Mental Health Licensed Programs	Mental Health Supportive Housing	ATC - Care Coordination	ATC - Residential Services	HUD Section 811 Housing	Mainstream Rent Vouchers	Thrift Shop	Management and General	Total
Salaries	\$ 3,567,817	\$ 1,844,300	\$ 2,666,067	\$ 728,605	\$ 347,697	\$ -	\$ 13,791	\$ 1,610,681	\$ 10,778,958
Payroll taxes and employee benefits	1,119,749	589,361	936,237	259,469	107,758	-	6,292	556,067	3,574,933
Total salaries, payroll taxes and employee benefits	4,687,566	2,433,661	3,602,304	988,074	455,455	-	20,083	2,166,748	14,353,891
Expenses:									
Money management, clients	146,365	-	-	-	-	-	-	-	146,365
Utilities	174,770	234,607	11,488	193,908	260,408	-	4,153	24,675	904,009
Rent and real estate taxes	234,344	1,317,978	61,255	17,150	-	-	-	-	1,630,727
Interest	246,961	23,823	6,171	2,610	-	-	-	16,404	295,969
Maintenance and repairs	193,962	207,945	17,626	264,394	277,307	-	2,147	27,317	990,698
Travel	49,366	33,905	49,233	12,169	-	-	-	2,817	147,490
Telephone	86,652	42,535	66,707	16,743	-	-	2,777	20,347	235,761
Office and computer expenses	103,758	57,152	57,178	23,518	-	-	640	45,604	287,850
Dues and subscriptions	5,013	11,928	15,298	1,686	-	-	-	5,265	39,190
Outreach and recruitment	3,951	4,842	3,700	1,236	-	-	694	30,655	45,078
Staff training and development	24,600	12,000	14,157	3,766	-	-	964	19,212	74,699
Insurance	76,985	45,628	19,678	63,174	54,625	-	1,001	18,618	279,709
Program supplies and expenses	20,323	42,031	41,973	37,243	52,649	-	231	3,400	197,850
Food	68,456	134	6,064	57	-	-	-	-	74,711
Household supplies	71,662	82,938	1,112	16,509	-	-	-	1,999	174,220
Contracted services and professional fees	289,359	161,255	45,433	186,861	330,635	8,741	8,584	275,175	1,306,043
Minor equipment	37,371	74,807	2,388	34,829	-	-	70	925	150,390
Rental assistance and related expenses	-	57,261	-	908,490	-	1,081,412	-	-	2,047,163
Bad debt	4,704	3,751	-	36,992	2,676	-	-	-	48,123
Depreciation	298,059	105,272	16,544	806,549	814,418	-	16,527	51,845	2,109,214
Miscellaneous expense	2,672	739	1,606	554	-	-	-	25,588	31,159
Total expenses	<u>\$ 6,826,899</u>	<u>\$ 4,954,192</u>	<u>\$ 4,039,915</u>	<u>\$ 3,616,512</u>	<u>\$ 2,248,173</u>	<u>\$ 1,090,153</u>	<u>\$ 57,871</u>	<u>\$ 2,736,594</u>	<u>\$ 25,570,309</u>

See notes to combined financial statements

Options for Community Living, Inc. and Affiliates

Combined Statements of Cash Flows

Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ (1,447,430)	\$ 958,837
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Noncash grant for improvements and equipment additions	-	(151,581)
Noncash capital advance	(352,373)	-
Depreciation	2,103,689	2,109,214
Interest expense on debt issuance costs	14,073	14,074
Noncash principal payments	-	(64,575)
(Decrease) increase in allowance for doubtful accounts	(25,000)	30,000
Realized and unrealized loss (gain) on investments	566,730	(131,852)
Donated investments	(502,449)	(310,910)
Gain on insurance proceeds from disposal of land, building and improvements and equipment	(164,509)	-
Net accretion of operating leases	26,773	-
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	672,030	(607,871)
Prepaid expenses and other current assets	(90,393)	(123,601)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(38,136)	28,372
Accrued salaries and related costs	145,458	20,760
Due to governmental agencies	(683,938)	(40,180)
Deferred income	1,038,439	(2,591,581)
Other current liabilities	(3,144)	4,542
Tenant deposits held in trust	51	(2,767)
Other liabilities	20,857	(78,136)
Net cash flows from operating activities	1,280,728	(937,255)
Cash Flows From Investing Activities		
Proceeds from redemption of short-term investments	2,278,963	2,412,128
Purchases of short-term investments	(2,368,274)	(2,181,541)
Purchases of land, building and improvements and equipment	(221,461)	(619,407)
Proceeds from insurance on disposal of land, building and improvements and equipment	270,155	-
Net cash flows from investing activities	(40,617)	(388,820)
Cash Flows From Financing Activities		
Principal payments on long-term debt	(212,600)	(208,188)
Payments of debt issuance costs	(752)	(7,257)
Net cash flows from financing activities	(213,352)	(215,445)
Increase (decrease) in cash and cash equivalents and restricted cash	1,026,759	(1,541,520)
Cash and Cash Equivalents and Restricted Cash, Beginning	5,880,007	7,421,527
Cash and Cash Equivalents and Restricted Cash, Ending	<u>\$ 6,906,766</u>	<u>\$ 5,880,007</u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash to the Combined Statements of Financial Position		
Cash and cash equivalents	\$ 4,855,914	\$ 3,668,121
Tenant deposits held in trust	124,785	124,734
Reserve for replacements	1,593,984	1,739,429
Residual receipts reserve	40,359	39,764
Other assets limited as to use	291,724	307,959
Total cash and cash equivalents and restricted cash	<u>\$ 6,906,766</u>	<u>\$ 5,880,007</u>
Noncash Investing Activities		
Purchase of fixed assets recorded in accounts payable and accrued expenses	<u>\$ 6,987</u>	<u>\$ 32,637</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 270,818</u>	<u>\$ 195,709</u>

See notes to combined financial statements

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2022 and 2021

1. Description of the Organization and Summary of Significant Accounting Policies

Nature of Operations

Options for Community Living, Inc. (Options) was incorporated under New York State law for the purpose of providing residential and support services to people with special needs. Options assures that families and individuals are offered the community resources essential to independent living and self-sufficiency. Options is a multifaceted agency, with programs serving adults with mental illness, individuals and families with HIV/AIDS and other chronic illness. Options' primary sources of funding are fees paid by contracts with the New York State Office of Mental Health (OMH) and Medicaid.

Options is affiliated through common board membership and control with OCL Properties, Inc., OCL Properties II, Inc., OCL Properties III East, Inc., OCL Properties III West, Inc., OCL Properties IV, Inc., OCL Properties V, Inc., OCL Properties VI, Inc., OCL Properties VII, Inc., OCL Properties VIII, Inc., OCL Properties IX, Inc., OCL Properties X, Inc., OCL Properties XI, Inc., OCL Properties XII, Inc., OCL Properties XIII, Inc., OCL Properties XIV, Inc. and OCL Properties XV, Inc. (the Projects). Their purpose is to establish, operate and provide housing for persons with chronic mental illness. The Projects' funding is derived primarily from capital advances and rental fees paid by the United States Department of Housing and Urban Development (HUD) and tenants under lease agreements with the tenants. The housing is provided in Suffolk County, New York.

Basis of Accounting

These combined financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP).

Principles of Combination

The combined financial statements include the accounts of Options for Community Living, Inc. and its Affiliates, which have been combined. All intercompany transactions have been eliminated. As used herein, Options includes Options for Community Living, Inc. and its Affiliates.

Restricted Deposits

Restricted deposits, which consist of cash, include assets restricted under regulatory agreements executed with HUD and residents' deposits. The use of interest earned on these cash balances is also limited.

Fixed Assets and Depreciation

Fixed assets are stated at cost. All fixed assets other than land are depreciated on a straight-line basis over the estimated useful lives of the related assets, which range from three to 25 years. Options capitalizes fixed asset purchases with a cost of \$5,000 or more.

Investments

Investments consist primarily of mutual funds, treasury notes and bonds and are carried at fair value. Realized and unrealized gains and losses on investments are reported in the combined statement of activities and change in net assets as increases or decreases in net assets without donor restrictions.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2022 and 2021

Net Assets

Options' financial presentation distinguishes between net assets with or without donor restrictions and change in net assets with or without donor restrictions, as follows:

Net Assets Without Donor Restrictions - Net assets which have not been donor restricted, and are, therefore, available for use in carrying out the operations of Options.

Net Assets With Donor Restrictions - Net assets which have been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of Options pursuant to those stipulations and net assets subject to donor-imposed restrictions that stipulate resources be maintained in perpetuity. Options has no net assets required to be maintained in perpetuity.

Contribution Income

Government Support

Revenues from government grants are recognized when earned, generally by incurring qualifying expenses. Expense-based grants are recognized as allowable expenses are incurred. Performance-based grants are recognized as performance obligations are met. Advances on government grants are recorded as deferred income until earned.

Contributions and Grants

Options reports gifts of cash or other assets as restricted support, if they are received with donor stipulations that limit the use of the donated assets. When net assets with donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities and change in net assets as net assets released from restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Options reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional, that is, when the conditions, which include a barrier and right of return or release, are substantially met.

Revenue From Contracts

Revenue from contracts includes tenant fees, third-party reimbursements, including Medicaid, OMH, and HUD and portions of some government contracts. Such revenues are recognized at the point in time services are rendered or, if related to housing, during the month when housing is provided at contractual rates or, in the case of third-party reimbursements, at the net realizable value. Subsequent adjustments to transaction price are recorded as reductions to revenue when made. Advances on contracts are recorded as deferred income until earned.

Fair Value

In accordance with Accounting Standards Codification (ASC) 820, Options must determine whether its assets and liabilities recorded at fair value are valued based on Level 1 (valued based on quoted prices in an active market for identical assets), Level 2 (valued based on significant other observable inputs) or Level 3 (valued based on significant unobservable inputs) measurements.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements
December 31, 2022 and 2021

Combined Statements of Cash Flows

For purposes of the combined statements of cash flows, Options considers all highly liquid debt instruments with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash held by investment managers is included in investments, as Options considers these balances to be invested for long-term purpose.

Allocation of Expenses on a Functional Basis

The cost of providing the various programs and other activities have been reported on a functional basis in the combined statements of activities and change in net assets and functional expenses. Some expenses are directly identified to their related programs and supporting function and are reported accordingly. Salaries and wages and fringe benefits are mainly allocated based on actual time and effort reported by staff. Occupancy costs, repairs and maintenance and depreciation related to the administrative office are allocated based on square footage.

Income Taxes

Options and the Projects qualify as tax-exempt not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code and as not-for-profit corporations under the laws of New York State. Accordingly, no provision for federal or state income taxes is required.

Uncertain Tax Positions

Management has evaluated Options' tax positions and concluded that Options has not taken any uncertain tax positions that require adjustment to the combined financial statements to comply with the provisions of ASC 740.

Estimates

The preparation of the combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Accounts

Management must make estimates of the uncollectibility of accounts receivable. Management specifically analyzes accounts receivable, historical bad debts, current funding trends and changes in payment terms and rates when evaluating the adequacy of the allowance for doubtful accounts.

Reclassifications

Certain 2021 amounts have been reclassified to conform with the 2022 presentation.

Subsequent Events

Management has evaluated subsequent events through April 12, 2023, the date the combined financial statements are available for issuance, for inclusion or disclosure in the combined financial statements.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements
December 31, 2022 and 2021

Adopted Accounting Pronouncements

Effective January 1, 2022, Options adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all related amendments using the modified retrospective approach. Options' 2021 combined financial statements continue to be accounted for under the FASB's Topic 840 and have not been adjusted.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the combined statement of financial position. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. At the date of adoption, Options recorded operating lease right-of-use assets and lease liabilities of \$2,055,685 and \$2,088,796, respectively. Options had a cumulative adjustment of \$33,111 to net assets upon the adoption of Topic 842 related to its leases that existed at the date of adoption.

The new standard provides for several optional practical expedients. Upon transition to Topic 842, Options elected:

- The package of practical expedients permitted under the transition guidance which does not require Options to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs;
- The practical expedient to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease or to purchase the underlying asset) and in assessing impairment of Options' right-of-use assets.

The new standard also provides for several accounting policy elections, as follows:

- When the rate implicit in the lease is not determinable, rather than use Options' incremental borrowing rate, Options elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes.
- Options elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which Options is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Additional required disclosures for Topic 842 are contained in Note 14.

During 2022, Options adopted ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU No. 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. Options has adjusted the presentation of these combined financial statements accordingly. ASU No. 2020-07 has been applied retrospectively to all periods presented.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2022 and 2021

2. Program Service Revenue

Options disaggregates program service revenue, including revenue from contracts and government and other grants, by type of service and payor source as this depicts the nature, amount and timing of revenue. Performance obligations are satisfied as services are rendered. Payments are due upon receipt of related billing.

The following table represents program service revenue for the year ended December 31, 2022:

	Mental Health Licensed Programs	Mental Health Supportive Housing	ATC - Care Coordination	ATC - Residential Services	HUD Section 811 Rental Fees	Mainstream Rent Vouchers	Thrift Shop	Total
Revenue from contracts:								
Medicaid	\$ 7,382,517	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,382,517
NYS OMH	-	4,086,910	-	-	-	-	-	4,086,910
Medicaid Managed Care	252,292	-	3,272,732	-	-	-	-	3,525,024
Tenant fees	1,600,198	623,726	-	750,553	743,939	-	-	3,718,416
HUD	-	-	-	-	973,425	-	-	973,425
Other	-	-	65,389	995	-	-	34,828	101,212
Total revenue from contracts	9,235,007	4,710,636	3,338,121	751,548	1,717,364	-	34,828	19,787,504
Government and other grants:								
NYS OMH	326,516	160	-	-	-	-	-	326,676
HUD	-	241,748	-	733,476	-	1,117,918	-	2,093,142
NYS OTDA	-	867,101	-	313,219	-	-	-	1,180,320
NYS DOH	-	-	-	836,057	-	-	-	836,057
Health Research, Inc.	-	-	450,772	-	-	-	-	450,772
Other	221,509	-	315,874	244,704	-	-	-	782,087
Total government and other grants	548,025	1,109,009	766,646	2,127,456	-	1,117,918	-	5,669,054
Total program service revenue	\$ 9,783,032	\$ 5,819,645	\$ 4,104,767	\$ 2,879,004	\$ 1,717,364	\$ 1,117,918	\$ 34,828	\$ 25,456,558

The following table represents program service revenue for the year ended December 31, 2021:

	Mental Health Licensed Programs	Mental Health Supportive Housing	ATC - Care Coordination	ATC - Residential Services	HUD Section 811 Rental Fees	Mainstream Rent Vouchers	Thrift Shop	Total
Revenue from contracts:								
Medicaid	\$ 5,908,289	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,908,289
NYS OMH	-	3,707,075	-	-	-	-	-	3,707,075
Medicaid Managed Care	315,270	-	3,753,659	-	-	-	-	4,068,929
Tenant fees	1,527,425	562,936	417	760,442	706,769	-	-	3,557,989
HUD	-	-	-	-	1,015,283	-	-	1,015,283
Other	-	-	43,283	-	-	-	33,417	76,700
Total revenue from contracts	7,750,984	4,270,011	3,797,359	760,442	1,722,052	-	33,417	18,334,265
Government and other grants:								
NYS OMH	506,768	480	-	-	-	-	-	507,248
HUD	-	209,765	-	867,143	-	1,081,411	-	2,158,319
NYS OTDA	-	777,669	-	257,113	-	-	-	1,034,782
NYS DOH	-	-	-	883,028	-	-	-	883,028
Health Research, Inc.	-	-	453,606	-	-	-	-	453,606
Other	21,039	1,900	302,688	200,121	-	-	-	525,748
Total government and other grants	527,807	989,814	756,294	2,207,405	-	1,081,411	-	5,562,731
Total program service revenue	\$ 8,278,791	\$ 5,259,825	\$ 4,553,653	\$ 2,967,847	\$ 1,722,052	\$ 1,081,411	\$ 33,417	\$ 23,896,996

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements
December 31, 2022 and 2021

Accounts receivable, net, as of December 31, 2022 and 2021, consisted of \$1,351,131 and \$1,780,958, respectively, related to revenue from contracts and \$709,538 and \$926,741, respectively, related to government and other grants. As of December 31, 2022, Options has been awarded cost reimbursements and other conditional grants that have not been recognized as income in the amount of approximately \$9,778,000.

3. Liquidity and Availability of Resources

The following table reflects Options' financial assets available for general expenditure within one year as of December 31, 2022 and 2021. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of assets limited as to use and tenant deposits.

	2022	2021
Cash and cash equivalents	\$ 4,855,914	\$ 3,668,121
Investments	4,769,288	4,744,258
Accounts receivable	2,060,669	2,707,699
	11,685,871	11,120,078
Less amounts unavailable for general expenditures within one year, due to:		
Purpose restrictions	46,367	153,223
Total financial assets available to meet cash needs for general expenditures within one year	\$ 11,639,504	\$ 10,966,855

As part of Options' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Options' main source of liquidity is program service revenue. Although investments are available for expenditure, it is not Options' intention to use investments for operating purposes.

Options is required to maintain reserve for replacements accounts. Options had balances of \$1,593,984 and \$1,739,429 as of December 31, 2022 and 2021, respectively, in its reserve for replacements accounts available for such limited purposes.

4. Investments

Investments are valued based on Level 1 and Level 2 inputs and consist of the following as of December 31:

Fair Value Measurements as of December 31, 2022				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value	Cost
Mutual funds	\$ 1,288,556	\$ -	\$ 1,288,556	\$ 1,046,624
Corporate bonds	-	1,368,062	1,368,062	1,505,934
Treasury notes and bonds	1,176,287	-	1,176,287	1,269,024
Total	\$ 2,464,843	\$ 1,368,062	3,832,905	\$ 3,821,582
Cash and cash equivalents			936,383	
Total investments			\$ 4,769,288	

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2022 and 2021

Fair Value Measurements as of December 31, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value	Cost
Mutual funds	\$ 1,287,611	\$ -	\$ 1,287,611	\$ 792,418
Corporate bonds	-	2,070,862	2,070,862	2,057,934
Treasury notes and bonds	870,026	-	870,026	884,599
Total	<u>\$ 2,157,637</u>	<u>\$ 2,070,862</u>	4,228,499	<u>\$ 3,734,951</u>
Cash and cash equivalents			515,759	
Total investments			<u>\$ 4,744,258</u>	

Mutual funds, treasury notes and bonds are valued based on quoted market prices. Corporate bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. There have been no changes in the methodologies used as of December 31, 2022 and 2021.

Investment (loss) income consists of the following for the years ended December 31:

	2022	2021
Interest and dividends	\$ 117,773	\$ 103,035
Unrealized (loss) gain	(482,225)	41,531
Realized (loss) gain	(84,505)	90,321
Total	<u>\$ (448,957)</u>	<u>\$ 234,887</u>

5. Assets Limited as to Use

Assets limited as to use represent cash segregated in accordance with contractual requirements and for tenant security deposits.

6. Land, Buildings and Improvements and Equipment, Net

Land, buildings and improvements and equipment, net, consist of the following as of December 31:

	2022	2021
Land	\$ 16,362,562	\$ 16,362,562
Buildings and improvements	53,537,208	53,261,021
Furniture, equipment and vehicles	2,355,931	2,344,487
	72,255,701	71,968,070
Accumulated depreciation	<u>(33,253,964)</u>	<u>(31,305,182)</u>
Total	<u>\$ 39,001,737</u>	<u>\$ 40,662,888</u>

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2022 and 2021

Included in buildings and improvements as of December 31, 2021 are amounts that represent construction in progress, which were not in service, of \$284,844. There was no construction in progress as of December 31, 2022.

Options has received capital advances, secured by various mortgage notes, under certain HUD programs for purchase and renovation of buildings to provide housing to individuals meeting the eligibility requirements of those programs. As of December 31, 2022 and 2021, approximately \$39,447,000 and \$39,685,000, respectively, were subject to repayment. The capital advances are not required to be repaid, as long as the housing continues to be used for the specified purposes for periods ranging from five to 40 years. The capital advances were recognized as revenue prior to the adoption of ASU No. 2018-08 and are recorded in net assets.

Capital advances of \$352,373 were recognized as income during the year ended December 31, 2022. There was no capital advance revenue for the year ended December 31, 2021.

7. Due to Governmental Agencies

Due to governmental agencies represents amounts due for excess Medicaid and OMH Contract payments, and excess residual receipts due back to HUD.

8. Advance From New York State

During 2011, Options entered into an agreement with OMH to purchase and renovate a multiple apartment dwelling for the Mental Health Residential Service program and had received total advances of \$2,705,776 as of December 31, 2019 for acquisition and rehabilitation of the site. On April 30, 2020, Options entered into a loan agreement with the Dormitory Authority of the State of New York (DASNY) at which time \$2,321,211 was converted into a mortgage (see Notes 9 and 16). The remaining advances were \$384,565 as of both December 31, 2022 and 2021. As of both December 31, 2022 and 2021, Options had the ability and intent to refinance the advances on a long-term basis and therefore, has included them in long-term liabilities on the combined statements of financial position as of December 31, 2022 and 2021.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2022 and 2021

9. Long-Term Debt, Net

Long-term debt consists of the following as of December 31:

	2022	2021
Huntington mortgage, payable in monthly installments of \$1,376 through August 2023, including interest at 5.75% per annum, collateralized by the respective property.	\$ 10,776	\$ 24,934
Selden mortgage, payable in monthly installments of \$1,329 through July 2024, including interest at 6.375% per annum, collateralized by the respective property.	23,541	36,377
Town of Islip Community Development mortgage, payable in monthly installments of \$556 through March 2042, noninterest bearing, collateralized by the respective property in Bay Shore.	126,666	133,331
Town of Islip Community Development mortgage, payable in monthly installments of \$556 through March 2042, noninterest bearing, collateralized by the respective property in Central Islip.	126,666	133,331
Town of Islip Community Development mortgage, payable in monthly installments of \$556 through September 2043, noninterest bearing, collateralized by the respective property in Bay Shore.	138,333	144,999
Town of Islip Community Development mortgage, payable in monthly installments of \$556 through September 2043, noninterest bearing, collateralized by the respective property in Bay Shore.	138,333	144,999
Patchogue mortgage, payable in monthly installments of \$2,104 through May 2028 including interest at 5.25% per annum, collateralized by the respective property.	201,535	215,648
Community Preservation Corporation mortgage, payable in monthly installments of \$20,072 through July 2038, including interest at 5.25% per annum, collateralized by the nine respective properties.	2,559,880	2,663,388
Ronkonkoma mortgage, payable in monthly installments of \$6,409 through December 2029, including interest at 3.50% per annum, and a balloon payment of \$646,440, due December 2029, collateralized by the respective property.	980,181	1,021,504
DASNY mortgage, payable in semi-annual installments through February 2041, including interest at 5.00% per annum. Payments are made by the New York State Office of Mental Health on behalf of Options. The mortgage is collateralized by the respective property.	2,087,179	2,087,179
Subtotal	6,393,090	6,605,690
Less current maturities	(289,895)	(286,414)
Less unamortized deferred financing costs	(207,503)	(220,824)
Total long-term debt	\$ 5,895,692	\$ 6,098,452

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements
December 31, 2022 and 2021

Long-term debt matures approximately as follows:

Years ending December 31:	
2023	\$ 290,000
2024	282,000
2025	283,000
2026	297,000
2027	311,000
Thereafter	<u>4,930,000</u>
Total	<u>\$ 6,393,000</u>

Total interest expense on long-term debt for the years ended December 31, 2022 and 2021 approximated \$271,000 and \$282,000, respectively.

10. Paycheck Protection Program

On May 3, 2020, Options received loan proceeds in the amount of \$1,721,300 under the Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a covered period (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over two years at an interest rate of 1% with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period.

During the year ended December 31, 2020, Options had expended all of the PPP funds received on qualified expenses. Options applied for forgiveness and was notified on May 18, 2021 that it received full forgiveness of the loan from the SBA. Therefore, Options recorded grant revenue of \$1,721,300 within its combined statement of activities and change in net assets for the year ended December 31, 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan is forgiven or repaid in full and to provide that documentation to the SBA upon request. Options does not believe the results of any audits or reviews by the SBA would have a material impact on the combined financial statements.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions designated for specific programs aggregated \$46,367 and \$153,223 as of December 31, 2022 and 2021, respectively. During the years ended December 31, 2022 and 2021, \$209,453 and \$506,381, respectively, of net assets with donor restrictions were released from restrictions because they were used for the donor-specified purpose.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements
December 31, 2022 and 2021

12. Fundraising Expenses

For the years ended December 31, 2022 and 2021, fundraising expenses were approximately \$130,000 and \$126,000, respectively, and are included in management and general expenses.

13. Retirement Plans

Options maintains a defined contribution retirement plan covering all eligible employees, as defined. Retirement expense is determined based on a formula dependent on each eligible employee's deferral and salary amount. Options also sponsors a 457(b) plan for certain of its employees, which is funded through employee salary deferrals, which are included in other assets limited as to use and other liabilities of approximately \$38,000 and \$40,000 each on the accompanying combined statements of financial position as of December 31, 2022 and 2021, respectively. Expenses for these plans for the years ended December 31, 2022 and 2021 approximated \$437,000 and \$405,000, respectively.

14. Commitments and Contingencies

Operating Leases

Options is obligated under various noncancellable operating leases for certain of its facilities, expiring through 2028. Options is also obligated to pay for maintenance and real estate taxes on certain leased properties.

Right-of-use assets represent Options' right to use an underlying asset for the lease term, while lease liabilities represent Options' obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of Options' leases include options to renew the lease. The exercise of lease renewal options is at Options' sole discretion. Options regularly evaluates the renewal options and when they are reasonably certain of exercise, Options includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, Options uses a risk-free rate based on U.S. Treasury note or bond rates for a similar term as there are no rates implicit in their leases.

Right-of-use assets are assessed for impairment in accordance with Options' long-lived asset policy. Options reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

Options made significant assumptions and judgments in applying the requirements of Topic 842. In particular, Options:

- Evaluated whether a contract contains a lease, by considering factors such as whether Options obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determined whether contracts contain embedded leases;
- Allocated consideration in the contract between lease and nonlease components.

Options does not have any material leasing transactions with related parties.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements
December 31, 2022 and 2021

Below is a summary of expenses incurred pertaining to leases during the year ended December 31, 2022:

Operating lease expense	\$ 944,859
Short-term lease expense	<u>799,963</u>
Total lease expense	<u>\$ 1,744,822</u>

The right-of-use assets and lease liabilities were calculated using a weighted average discount rate of 1.25%. As of December 31, 2022, the weighted average remaining lease term was 2.15 years.

The table below summarizes Options' scheduled future minimum lease payments for years ending after December 31, 2022:

Years ending December 31:	
2023	\$ 1,073,199
2024	731,062
2025	233,334
2026	26,534
2027	22,201
Thereafter	<u>9,364</u>
Total lease payments	2,095,694
Less present value discount	<u>25,914</u>
Total lease liabilities	2,069,780
Less current portion	<u>1,054,897</u>
Long-term lease liabilities	<u>\$ 1,014,883</u>

The following table includes supplemental cash flow and noncash information related to the leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 918,086
Operating lease right-of-use assets obtained in exchange for lease liabilities	876,845

Government Funding and Possible Rate Adjustments

Substantial funding of programs is provided to Options by federal, state, city and county (Suffolk and Nassau) governments. Continuation of such funding is dependent on budgetary allocations from such agencies. In addition, reimbursements under contracts or rates are subject to audit by various agencies on a regular basis. The potential exposure from the outcome of such audits, if any, cannot be determined.

Litigation and Claims

Options is subject to lawsuits and claims with respect to matters arising in the normal course of business. Options defends its position on all actions. In the opinion of management, the ultimate liabilities, if any, from these lawsuits or claims will not materially affect the financial position or results of operations of Options. Nevertheless, due to the uncertainty of the settlement process, management's view of the outcome may be modified in the future.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements
December 31, 2022 and 2021

15. Concentrations of Credit Risk

Financial instruments which potentially subject Options to concentrations of credit risk consist principally of cash, investments and accounts receivable. Options places its temporary cash investments with financial institutions. At times throughout the year, Options' cash balances with any one financial institution exceeded the federal depository insurance coverage limit. Accounts receivable are predominantly from federal, state and local government agencies, including Medicaid, other third parties and private payors.

16. Noncash Transactions

During the years ended December 31, 2022 and 2021, Options rehabilitated buildings using contributions and capital advances primarily from HUD paid directly to the contractors, totaling \$352,373 and \$151,581, respectively. The initial acquisition and rehabilitation for these sites was previously funded by HUD. For the year ended December 31, 2021, \$64,575 of a mortgage was repaid by OMH on behalf of Options.

Options for Community Living, Inc. and Affiliates

Combining Statement of Financial Position

December 31, 2022 (With Summarized Comparative Totals for 2021)

	Options for Community Living, Inc.	OCL Properties, Inc.	OCL Properties II, Inc.	OCL Properties III East, Inc.	OCL Properties III West, Inc.	OCL Properties IV, Inc.	OCL Properties V, Inc.	OCL Properties VI, Inc.	OCL Properties VII, Inc.	OCL Properties VIII, Inc.	OCL Properties IX, Inc.	OCL Properties X, Inc.	OCL Properties XI, Inc.	OCL Properties XII, Inc.	OCL Properties XIII, Inc.	OCL Properties XIV, Inc.	OCL Properties XV, Inc.	Eliminations	2022 Combined Totals	2021 Combined Totals
Assets																				
Current Assets																				
Cash and cash equivalents	\$ 4,762,185	\$ 2,449	\$ 4,620	\$ 3,229	\$ 1,692	\$ 1,428	\$ 2,122	\$ 6,976	\$ 9,797	\$ 9,696	\$ 1,462	\$ 6,805	\$ 1,439	\$ 5,952	\$ 10,833	\$ 10,972	\$ 14,257	\$ -	\$ 4,855,914	\$ 3,668,121
Investments	4,769,288	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,769,288
Accounts receivable, net of allowance for doubtful accounts of \$85,000 and \$110,000, respectively	2,033,779	631	933	324	845	1,692	2,225	1,958	161	778	3,538	2,464	2,735	1,209	658	6,430	309	-	2,060,669	2,707,699
Due from affiliates	94,410	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(94,410)	-	-
Prepaid expenses and other current assets	249,995	-	-	-	-	-	-	-	-	-	-	270,155	-	-	-	-	-	(92,477)	427,673	337,280
Total current assets	11,909,657	3,080	5,553	3,553	2,537	3,120	4,347	8,934	9,958	10,474	5,000	279,424	4,174	7,161	11,491	17,402	14,566	(186,887)	12,113,544	11,457,358
Assets Limited as to Use																				
Reserve for replacements	683,459	17,150	17,132	15,373	48,276	29,679	32,170	56,586	37,799	34,175	14,124	17,987	125,862	173,395	143,843	89,503	57,471	-	1,593,984	1,739,429
Residual receipts reserve	-	3,755	592	1,500	-	2,253	3,001	2,250	2,250	3,750	3,004	2,252	3,001	3,000	3,000	3,000	3,751	-	40,359	39,764
Tenant deposits held in trust	82,481	2,966	3,704	1,520	1,845	1,592	2,550	2,385	2,006	4,001	2,822	903	2,145	3,173	3,298	3,084	4,310	-	124,785	124,734
Other assets limited as to use	291,724	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	291,724	307,959
Total assets limited as to use	1,057,664	23,871	21,428	18,393	50,121	33,524	37,721	61,221	42,055	41,926	19,950	21,142	131,008	179,568	150,141	95,587	65,532	-	2,050,852	2,211,886
Right-of-Use Assets, Operating Leases	2,009,896	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,009,896	-
Land, Buildings and Improvements and Equipment, Net																				
	26,081,248	271,399	283,059	122,639	206,576	218,649	343,437	316,180	415,208	1,041,561	984,428	967,063	1,197,308	1,261,890	1,610,587	1,488,406	2,192,099	-	39,001,737	40,662,888
Total assets	<u>\$ 41,058,465</u>	<u>\$ 298,350</u>	<u>\$ 310,040</u>	<u>\$ 144,585</u>	<u>\$ 259,234</u>	<u>\$ 255,293</u>	<u>\$ 385,505</u>	<u>\$ 386,335</u>	<u>\$ 467,221</u>	<u>\$ 1,093,961</u>	<u>\$ 1,009,378</u>	<u>\$ 1,267,629</u>	<u>\$ 1,332,490</u>	<u>\$ 1,448,619</u>	<u>\$ 1,772,219</u>	<u>\$ 1,601,395</u>	<u>\$ 2,272,197</u>	<u>\$ (186,887)</u>	<u>\$ 55,176,029</u>	<u>\$ 54,332,132</u>
Liabilities and Net Assets																				
Current Liabilities																				
Accounts payable and accrued expenses	\$ 420,124	\$ 16,650	\$ 18,582	\$ 5,067	\$ 12,912	\$ 12,812	\$ 14,762	\$ 15,846	\$ 12,424	\$ 18,398	\$ 15,052	\$ 14,563	\$ 15,334	\$ 14,697	\$ 15,368	\$ 18,647	\$ 12,359	\$ -	\$ 653,597	\$ 717,383
Accrued salaries and related costs	1,067,081	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,067,081	921,623
Due to affiliate	-	17,735	5,829	2,192	13,357	3,110	11,229	3,725	3,333	5,587	21,210	47,939	32,346	4,342	4,329	4,649	5,975	(186,887)	-	-
Due to governmental agencies	997,967	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	997,967	1,681,905
Current portion of long-term debt	289,895	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	289,895	286,414
Deferred income	1,080,082	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,080,082	41,643
Current portion of operating lease liabilities	1,054,897	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,054,897	-
Other current liabilities	3,883	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,883	7,027
Total current liabilities	4,913,929	34,385	24,411	7,259	26,269	15,922	25,991	19,571	15,757	23,985	36,262	62,502	47,680	19,039	19,697	23,296	18,334	(186,887)	5,147,402	3,655,995
Long-Term Debt, Net	5,895,692	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,895,692	6,098,452
Tenant Deposits Held in Trust	82,481	2,966	3,704	1,520	1,845	1,592	2,550	2,385	2,006	4,001	2,822	903	2,145	3,173	3,298	3,084	4,310	-	124,785	124,734
Advance From New York State	384,565	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	384,565	384,565
Operating Lease Liabilities	1,014,883	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,014,883	-
Other Liabilities	94,957	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	94,957	74,100
Total liabilities	12,386,507	37,351	28,115	8,779	28,114	17,514	28,541	21,956	17,763	27,986	39,084	63,405	49,825	22,212	22,995	26,380	22,644	(186,887)	12,662,284	10,337,846
Net Assets																				
Net assets without donor restrictions	28,625,591	260,999	281,925	135,806	231,120	237,779	356,964	364,379	449,458	1,065,975	970,294	1,204,224	1,282,665	1,426,407	1,749,224	1,575,015	2,249,553	-	42,467,378	43,841,063
Net assets with donor restrictions	46,367	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46,367	153,223
Total net assets	28,671,958	260,999	281,925	135,806	231,120	237,779	356,964	364,379	449,458	1,065,975	970,294	1,204,224	1,282,665	1,426,407	1,749,224	1,575,015	2,249,553	-	42,513,745	43,994,286
Total liabilities and net assets	<u>\$ 41,058,465</u>	<u>\$ 298,350</u>	<u>\$ 310,040</u>	<u>\$ 144,585</u>	<u>\$ 259,234</u>	<u>\$ 255,293</u>	<u>\$ 385,505</u>	<u>\$ 386,335</u>	<u>\$ 467,221</u>	<u>\$ 1,093,961</u>	<u>\$ 1,009,378</u>	<u>\$ 1,267,629</u>	<u>\$ 1,332,490</u>	<u>\$ 1,448,619</u>	<u>\$ 1,772,219</u>	<u>\$ 1,601,395</u>	<u>\$ 2,272,197</u>	<u>\$ (186,887)</u>	<u>\$ 55,176,029</u>	<u>\$ 54,332,132</u>

Options for Community Living, Inc. and Affiliates

Combining Statement of Activities and Change in Net Assets
Year Ended December 31, 2022 (With Summarized Comparative Totals for 2021)

	Options for Community Living, Inc.	OCL Properties, Inc.	OCL Properties II, Inc.	OCL Properties III East, Inc.	OCL Properties III West, Inc.	OCL Properties IV, Inc.	OCL Properties V, Inc.	OCL Properties VI, Inc.	OCL Properties VII, Inc.	OCL Properties VIII, Inc.	OCL Properties IX, Inc.	OCL Properties X, Inc.	OCL Properties XI, Inc.	OCL Properties XII, Inc.	OCL Properties XIII, Inc.	OCL Properties XIV, Inc.	OCL Properties XV, Inc.	Eliminations	2022 Combined Totals	2021 Combined Totals	
Net Assets Without Donor Restrictions																					
Revenue:																					
Program services:																					
Mental health licensed programs	\$ 9,783,032	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,783,032	\$ 8,278,791
Mental health supportive housing	5,819,645	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,819,645	5,259,825
ATC - care coordination	4,104,767	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,104,767	4,553,653
ATC - residential services	2,879,004	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,879,004	2,967,847
HUD Section 811 rental fees	-	135,129	134,535	62,208	84,101	89,070	110,150	85,887	94,439	147,508	116,887	83,808	96,378	115,634	117,548	115,209	128,873	-	-	1,717,364	1,722,052
Mainstream rent vouchers	1,117,918	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,117,918	1,081,411
Thrift shop	34,828	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,828	33,417
Total program services	23,739,194	135,129	134,535	62,208	84,101	89,070	110,150	85,887	94,439	147,508	116,887	83,808	96,378	115,634	117,548	115,209	128,873	-	-	25,456,558	23,896,996
Other revenue:																					
Investment (loss) income	(449,063)	4	3	3	5	4	6	6	4	3	3	3	14	18	15	9	6	-	-	(448,957)	234,887
Management fees	153,665	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(153,665)	-	-	-
Contributions and grants	625,999	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	625,999	1,905,821
Miscellaneous income	-	-	3,841	-	-	-	-	-	-	-	790	164,945	-	137	6	201	-	-	-	169,920	5,394
Total other revenue	330,601	4	3,844	3	5	4	6	6	4	3	793	164,948	14	155	21	210	6	(153,665)	-	346,962	2,146,102
Net assets released from restrictions	209,453	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	209,453	506,381
Total revenue	24,279,248	135,133	138,379	62,211	84,106	89,074	110,156	85,893	94,443	147,511	117,680	248,756	96,392	115,789	117,569	115,419	128,879	(153,665)	-	26,012,973	26,549,479
Expenses																					
Program services:																					
Mental health licensed programs	7,872,203	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,872,203	6,826,899
Mental health supportive programs	5,430,996	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,430,996	4,954,192
ATC - care coordination	3,821,968	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,821,968	4,039,915
ATC - residential services	3,832,626	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,832,626	3,616,512
HUD Section 811 housing	-	199,389	205,693	88,172	116,664	138,909	163,363	128,164	124,727	222,196	181,595	161,828	175,968	172,481	176,853	164,115	208,196	-	-	2,628,313	2,248,173
Mainstream rent vouchers	1,125,372	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,125,372	1,090,153
Thrift shop	58,759	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	58,759	57,871
Total program expenses	22,141,924	199,389	205,693	88,172	116,664	138,909	163,363	128,164	124,727	222,196	181,595	161,828	175,968	172,481	176,853	164,115	208,196	-	-	24,770,237	22,833,715
Supporting services:																					
Management and general	2,910,562	15,786	15,702	5,417	9,841	8,778	12,359	9,417	9,189	16,161	13,084	8,449	9,247	11,122	10,597	10,439	13,198	(153,665)	-	2,935,683	2,736,594
Total expenses	25,052,486	215,175	221,395	93,589	126,505	147,687	175,722	137,581	133,916	238,357	194,679	170,277	185,215	183,603	187,450	174,554	221,394	(153,665)	-	27,705,920	25,570,309
Change in net assets without donor restrictions before capital advances and residual receipts due to HUD																					
	(773,238)	(80,042)	(83,016)	(31,378)	(42,399)	(58,613)	(65,566)	(51,688)	(39,473)	(90,846)	(76,999)	78,479	(88,823)	(67,814)	(69,881)	(59,135)	(92,515)	-	-	(1,692,947)	979,170
Capital advances	352,373	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	352,373	-
Residual receipts due to HUD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(37,966)
Change in net assets without donor restrictions	(420,865)	(80,042)	(83,016)	(31,378)	(42,399)	(58,613)	(65,566)	(51,688)	(39,473)	(90,846)	(76,999)	78,479	(88,823)	(67,814)	(69,881)	(59,135)	(92,515)	-	-	(1,340,574)	941,204
Change in Net Assets With Donor Restrictions																					
Contributions and grants	102,597	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	102,597	524,014
Net assets released from restrictions	(209,453)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(209,453)	(506,381)
Change in net assets with donor restrictions	(106,856)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(106,856)	17,633
Change in net assets	(527,721)	(80,042)	(83,016)	(31,378)	(42,399)	(58,613)	(65,566)	(51,688)	(39,473)	(90,846)	(76,999)	78,479	(88,823)	(67,814)	(69,881)	(59,135)	(92,515)	-	-	(1,447,430)	958,837
Net Assets, Beginning	29,199,679	341,041	364,941	167,184	273,519	296,392	422,530	416,067	488,931	1,156,821	1,047,293	1,125,745	1,371,488	1,494,221	1,819,105	1,634,150	2,342,068	-	-	43,961,175	43,035,449
Net Assets, Ending	\$ 28,671,958	\$ 260,999	\$ 281,925	\$ 135,806	\$ 231,120	\$ 237,779	\$ 356,964	\$ 364,379	\$ 449,458	\$ 1,065,975	\$ 970,294	\$ 1,204,224	\$ 1,282,665	\$ 1,426,407	\$ 1,749,224	\$ 1,575,015	\$ 2,249,553	\$ -	\$ -	\$ 42,513,745	\$ 43,994,286