

Options for Community Living, Inc. and Affiliates

Combined Financial Statements
and Supplementary Information

December 31, 2019 and 2018

Options for Community Living, Inc. and Affiliates

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December 31, 2019 and 2018

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Independent Auditors' Report

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

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Options for Community Living, Inc. and Affiliates (Options), which comprise the combined statements of financial position as of December 31, 2019 and 2018, and the related combined statements of activities and change in net assets for the year ended December 31, 2019, and the functional expenses and cash flows for the years ended December 31, 2019 and 2018, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Options for Community Living, Inc. and Affiliates as of December 31, 2019 and 2018, and the change in their net assets for the year ended December 31, 2019 and their cash flows for the years ended December 31, 2019 and 2018 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited Options' 2018 combined financial statements, and we expressed an unmodified audit opinion on those audited combined financial statements in our report dated April 29, 2019. 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, 2018 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Report on Supplementary Combining 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 19 to 20 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position and change in net assets of the individual organizations, and 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 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 information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Melville, New York
April 27, 2020

Options for Community Living, Inc. and Affiliates

Combined Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 4,298,888	\$ 4,167,496
Investments	4,164,171	3,738,056
Accounts receivable, net of allowance for doubtful accounts of \$80,000	2,152,077	1,629,232
Prepaid expenses and other current assets	<u>212,883</u>	<u>218,008</u>
Total current assets	<u>10,828,019</u>	<u>9,752,792</u>
Assets Limited as to Use		
Reserve for replacements	1,563,798	1,568,884
Residual receipts reserve	38,999	40,467
Tenant deposits held in trust	126,061	119,665
Other assets limited as to use	<u>249,871</u>	<u>233,860</u>
	<u>1,978,729</u>	<u>1,962,876</u>
Land, Buildings and Improvements and Equipment, Net	<u>43,890,193</u>	<u>46,070,949</u>
Total assets	<u>\$ 56,696,941</u>	<u>\$ 57,786,617</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 570,059	\$ 593,941
Accrued salaries and related costs	629,261	563,529
Due to governmental agencies	1,480,038	1,477,228
Line of credit	1,273,000	2,373,000
Current portion of long-term debt	197,001	168,100
Deferred income	246,678	928,489
Other current liabilities	<u>6,036</u>	<u>7,857</u>
Total current liabilities	4,402,073	6,112,144
Long-Term Debt, Net	4,547,789	3,665,658
Tenant Deposits Held in Trust	126,061	119,665
Advance From New York State	2,705,776	2,705,776
Other Liabilities	<u>162,257</u>	<u>218,382</u>
Total liabilities	<u>11,943,956</u>	<u>12,821,625</u>
Net Assets		
Net assets without donor restrictions	44,467,506	44,923,921
Net assets with donor restrictions	<u>285,479</u>	<u>41,071</u>
Total net assets	<u>44,752,985</u>	<u>44,964,992</u>
Total liabilities and net assets	<u>\$ 56,696,941</u>	<u>\$ 57,786,617</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, 2019 (with summarized comparative totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Revenue				
Program services:				
Mental health licensed programs	\$ 7,314,924	\$ -	\$ 7,314,924	\$ 6,396,821
Mental health supportive housing	4,852,289	-	4,852,289	4,565,355
ATC - care coordination	4,506,259	-	4,506,259	3,868,651
ATC - residential services	2,271,461	-	2,271,461	2,042,190
HUD Section 811 rental fees	1,644,729	-	1,644,729	1,563,201
Mainstream rent vouchers	1,022,862	-	1,022,862	1,065,429
Thrift shop	28,452	-	28,452	23,508
	<u>21,640,976</u>	<u>-</u>	<u>21,640,976</u>	<u>19,525,155</u>
Total program services				
Other revenue:				
Investment income (loss)	473,115	-	473,115	(82,212)
Contributions and grants	38,568	333,950	372,518	153,196
Miscellaneous income	71,916	-	71,916	72,892
	<u>583,599</u>	<u>333,950</u>	<u>917,549</u>	<u>143,876</u>
Total other revenue				
Net assets released from restrictions	<u>89,542</u>	<u>(89,542)</u>	<u>-</u>	<u>-</u>
Total revenue				
	<u>22,314,117</u>	<u>244,408</u>	<u>22,558,525</u>	<u>19,669,031</u>
Expenses				
Program services:				
Mental health licensed programs	6,286,061	-	6,286,061	5,722,742
Mental health supportive housing	4,432,968	-	4,432,968	4,166,314
ATC - care coordination	4,131,115	-	4,131,115	3,805,123
ATC - residential services	2,982,565	-	2,982,565	2,787,087
HUD Section 811 housing	2,177,147	-	2,177,147	2,230,693
Mainstream rent vouchers	1,031,624	-	1,031,624	1,073,012
Thrift shop	32,180	-	32,180	33,097
	<u>21,073,660</u>	<u>-</u>	<u>21,073,660</u>	<u>19,818,068</u>
Total program expenses				
Supporting services:				
Management and general	<u>2,663,074</u>	<u>-</u>	<u>2,663,074</u>	<u>2,329,606</u>
Total expenses				
	<u>23,736,734</u>	<u>-</u>	<u>23,736,734</u>	<u>22,147,674</u>
Change in net assets before capital advances, residual receipts due to HUD and gains on sales				
	(1,422,617)	244,408	(1,178,209)	(2,478,643)
Capital advances				
	22,808	-	22,808	89,508
Residual receipts due to HUD				
	(38,748)	-	(38,748)	(13,329)
Gains on sales of land, building and improvements and equipment				
	<u>982,142</u>	<u>-</u>	<u>982,142</u>	<u>-</u>
Change in net assets				
	(456,415)	244,408	(212,007)	(2,402,464)
Net Assets, Beginning				
	<u>44,923,921</u>	<u>41,071</u>	<u>44,964,992</u>	<u>47,367,456</u>
Net Assets, Ending				
	<u>\$ 44,467,506</u>	<u>\$ 285,479</u>	<u>\$ 44,752,985</u>	<u>\$ 44,964,992</u>

See notes to combined financial statements

Options for Community Living, Inc. and Affiliates

Combined Statement of Functional Expenses

Year Ended December 31, 2019 (with comparative totals for 2018)

	Program Services							Supporting Services	2019 Total	2018 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	\$ 3,305,554	\$ 1,683,067	\$ 2,778,717	\$ 640,257	\$ 352,389	\$ -	\$ -	\$ 8,759,984	\$ 1,562,119	\$ 10,322,103	\$ 9,584,726
Payroll taxes and employee benefits	1,022,578	593,338	910,436	221,582	121,519	-	-	2,869,453	546,259	3,415,712	3,049,285
Total salaries, payroll taxes and employee benefits	4,328,132	2,276,405	3,689,153	861,839	473,908	-	-	11,629,437	2,108,378	13,737,815	12,634,011
Expenses:											
Money management, clients	148,929	-	-	-	-	-	-	148,929	-	148,929	149,813
Utilities	172,741	219,103	8,870	181,271	242,479	-	3,750	828,214	52,759	880,973	801,609
Rent and real estate taxes	232,982	1,218,484	68,924	17,658	-	-	-	1,538,048	13,144	1,551,192	1,395,576
Interest	160,949	21,165	-	-	-	-	-	182,114	97,362	279,476	183,846
Maintenance and repairs	166,074	104,855	11,927	233,953	257,550	-	714	775,073	31,336	806,409	787,082
Travel	70,311	44,179	84,622	15,160	-	-	-	214,272	7,352	221,624	205,123
Telephone	73,724	47,293	75,870	16,575	-	-	1,732	215,194	15,228	230,422	217,592
Office and computer expenses	126,675	48,524	61,210	27,159	-	-	536	264,104	70,890	334,994	243,713
Dues and subscriptions	5,195	11,470	140	1,597	-	-	-	18,402	3,290	21,692	21,888
Outreach and recruitment	8,662	1,704	7,817	1,150	-	-	100	19,433	31,163	50,596	42,887
Staff training and development	26,578	13,404	21,333	3,753	-	-	506	65,574	30,624	96,198	88,735
Insurance	66,525	35,506	14,726	50,846	46,044	-	1,040	214,687	22,850	237,537	223,585
Program supplies and expenses	12,802	34,887	23,895	1,061	39,140	-	1,373	113,158	-	113,158	115,703
Food	81,218	21	-	89	-	-	-	81,328	-	81,328	78,331
Household supplies	72,161	63,765	2,290	22,772	-	-	456	161,444	-	161,444	134,507
Contracted services and professional fees	181,797	121,239	42,396	157,027	293,333	6,794	4,834	807,420	69,682	877,102	917,964
Minor equipment	37,420	39,457	-	51,642	-	-	-	128,519	-	128,519	164,114
Rental assistance and related expenses	76	4,036	94	504,502	-	1,024,830	-	1,533,538	-	1,533,538	1,562,164
Bad debt	1,582	3,916	-	20,012	4,374	-	-	29,884	-	29,884	43,420
Depreciation	307,434	123,031	16,503	814,201	820,319	-	16,974	2,098,462	82,799	2,181,261	2,100,514
Miscellaneous expense	4,094	524	1,345	298	-	-	165	6,426	26,217	32,643	35,497
Total expenses	\$ 6,286,061	\$ 4,432,968	\$ 4,131,115	\$ 2,982,565	\$ 2,177,147	\$ 1,031,624	\$ 32,180	\$ 21,073,660	\$ 2,663,074	\$ 23,736,734	\$ 22,147,674

See notes to combined financial statements

Options for Community Living, Inc. and Affiliates

 Combined Statement of Functional Expenses
 Year Ended December 31, 2018

	Program Services							Supporting Services	2018 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	\$ 3,060,582	\$ 1,607,763	\$ 2,546,119	\$ 546,755	\$ 333,664	\$ -	\$ -	\$ 8,094,883	\$ 1,489,843	\$ 9,584,726
Payroll taxes and employee benefits	832,859	528,482	881,599	170,498	102,405	-	-	2,515,843	533,442	3,049,285
Total salaries, payroll taxes and employee benefits	3,893,441	2,136,245	3,427,718	717,253	436,069	-	-	10,610,726	2,023,285	12,634,011
Expenses:										
Money management, clients	149,813	-	-	-	-	-	-	149,813	-	149,813
Utilities	163,586	195,256	5,877	168,358	246,739	-	3,488	783,304	18,305	801,609
Rent and real estate taxes	199,483	1,117,413	62,655	15,502	-	-	-	1,395,053	523	1,395,576
Interest	165,996	17,850	-	-	-	-	-	183,846	-	183,846
Maintenance and repairs	142,440	97,253	9,347	206,918	312,976	-	150	769,084	17,998	787,082
Travel	65,253	42,825	77,749	13,541	-	-	-	199,368	5,755	205,123
Telephone	68,151	43,044	76,620	15,704	-	-	1,679	205,198	12,394	217,592
Office and computer expenses	86,630	40,800	45,612	13,548	-	-	1,204	187,794	55,919	243,713
Dues and subscriptions	4,715	12,132	133	1,621	-	-	-	18,601	3,287	21,888
Outreach and recruitment	5,983	2,820	6,169	542	-	-	103	15,617	27,270	42,887
Staff training and development	28,484	12,238	19,748	3,284	-	-	922	64,676	24,059	88,735
Insurance	64,889	33,112	13,366	49,137	44,597	-	1,033	206,134	17,451	223,585
Program supplies and expenses	18,156	27,171	15,555	1,366	52,109	-	1,346	115,703	-	115,703
Food	77,826	32	408	65	-	-	-	78,331	-	78,331
Household supplies	61,089	47,434	1,092	24,069	-	-	823	134,507	-	134,507
Contracted services and professional fees	187,508	144,542	37,838	169,255	319,170	7,305	5,355	870,973	46,991	917,964
Minor equipment	35,325	69,826	2,386	55,482	-	-	-	163,019	1,095	164,114
Rental assistance and related expenses	1,120	12,081	-	483,256	-	1,065,707	-	1,562,164	-	1,562,164
Bad debt	7,482	3,890	-	31,703	345	-	-	43,420	-	43,420
Depreciation	290,471	108,556	1,291	816,144	818,688	-	16,974	2,052,124	48,390	2,100,514
Miscellaneous expense	4,901	1,794	1,559	339	-	-	20	8,613	26,884	35,497
Total expenses	\$ 5,722,742	\$ 4,166,314	\$ 3,805,123	\$ 2,787,087	\$ 2,230,693	\$ 1,073,012	\$ 33,097	\$ 19,818,068	\$ 2,329,606	\$ 22,147,674

See notes to combined financial statements

Options for Community Living, Inc. and Affiliates

Combined Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (212,007)	\$ (2,402,464)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Capital advances restricted for investment in properties	-	(37,088)
Noncash capital advance	(22,808)	(52,420)
Depreciation	2,181,261	2,100,514
Interest expense on debt issuance costs	8,328	8,083
Realized and unrealized (gain) loss on investments	(333,954)	210,202
Gain on sale of land, building and improvements, and equipment	(982,142)	(500)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(522,845)	(375,147)
Prepaid expenses and other current assets	5,125	(11,348)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(23,882)	14,551
Accrued salaries and related costs	65,732	(261,508)
Due to governmental agencies	2,810	139,673
Deferred income	(681,811)	891,011
Other current liabilities	(1,821)	(9,157)
Tenant deposits held in trust	6,396	4,704
Other liabilities	(56,125)	(92,975)
Net cash (used in) provided by operating activities	<u>(567,743)</u>	<u>126,131</u>
Cash Flows From Investing Activities		
Proceeds from redemption of short-term investments	2,453,292	2,527,896
Purchases of short-term investments	(2,545,453)	(1,879,748)
Purchases of land, building and improvements and equipment	(268,448)	(3,381,083)
Proceeds from disposal of land, building and improvements and equipment	<u>1,272,893</u>	<u>500</u>
Net cash provided by (used in) investing activities	<u>912,284</u>	<u>(2,732,435)</u>
Cash Flows From Financing Activities		
Capital advances restricted for investment in properties	-	37,088
Proceeds from line of credit	-	2,373,000
Principal payments on long-term debt	(168,214)	(162,419)
Payments of debt issuance costs	<u>(29,082)</u>	<u>-</u>
Net cash (used in) provided by financing activities	<u>(197,296)</u>	<u>2,247,669</u>
Increase (decrease) in cash and cash equivalents and restricted cash	147,245	(358,635)
Cash and Cash Equivalents and Restricted Cash, Beginning	<u>6,130,372</u>	<u>6,489,007</u>
Cash and Cash Equivalents and Restricted Cash, Ending	<u>\$ 6,277,617</u>	<u>\$ 6,130,372</u>
Reconciliation of Cash and Cash Equivalents and Restricted Cash to the Combined Statements of Financial Position		
Cash and cash equivalents	\$ 4,298,888	\$ 4,167,496
Tenant deposits held in trust	126,061	119,665
Reserve for replacements	1,563,798	1,568,884
Residual receipts reserve	38,999	40,467
Other assets limited as to use	<u>249,871</u>	<u>233,860</u>
Total cash and cash equivalents and restricted cash	<u>\$ 6,277,617</u>	<u>\$ 6,130,372</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 265,803</u>	<u>\$ 167,306</u>

See Note 16 for noncash transactions.

See notes to combined financial statements

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2019 and 2018

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.

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 3 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, 2019 and 2018

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.

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 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.

Revenue From Contracts With Customers

Revenue from contracts with customers 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.

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, 2019 and 2018

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 summarized on a functional basis in the statement of activities and change in net assets. 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.

Subsequent Events

Management has evaluated subsequent events through April 27, 2020, the date the combined financial statements are available for issuance, for inclusion or disclosure in the combined financial statements.

In the first quarter of 2020, the outbreak of the coronavirus (COVID-19) pandemic began in the United States. In March 2020, the New York State Governor issued Executive Orders which (1) declared a state disaster emergency for the entire State of New York; and (2) declared a temporary suspension of operations of all non-essential businesses. Options continues to provide essential housing and case management services. As of April 27, 2020, the extent to which COVID-19 may impact Options' financial condition or results of operations is uncertain.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2019 and 2018

Recent Accounting Pronouncements

In 2019, Options retrospectively adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that a statement of cash flows explain the change during the period in total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the combined statement of cash flows. Options has adjusted the presentation of these combined financial statements accordingly. ASU 2016-18 has been applied retrospectively to all periods presented.

As a result of the adoption of ASU 2016-18, the combined statement of cash flows of Options for the year ended December 31, 2018 was restated as follows:

	After Adoption of ASU 2016-18	As Originally Presented
Tenant deposits held in trust	\$ -	\$ (4,704)
Other assets limited as to use	-	(12,038)
Residual receipts reserve	-	1,677
Net cash provided by operating activities	126,131	111,066
Deposits to reserve for replacements, net	-	(108,260)
Net cash used in investing activities	(2,732,435)	(2,840,695)
Increase (decrease) in cash and cash equivalents and restricted cash	(358,635)	-
Cash and cash equivalents and restricted cash, beginning	6,489,007	-
Cash and cash equivalents and restricted cash, ending	6,130,372	-
(Decrease) increase in cash and cash equivalents	-	(481,960)
Cash and cash equivalents, beginning of year	-	4,649,456
Cash and cash equivalents, end of year	-	4,167,496

In 2019, Options adopted ASU 2014-09, *Revenue From Contracts With Customers (Topic 606)* using the modified retrospective approach. The core principle of ASU 2014-09 requires recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. The adoption of ASU 2014-09 did not impact Options' revenue recognition methodology.

In 2019, Options adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 on the modified prospective basis did not impact Options' combined financial statements. Capital advances recorded as revenue in prior periods were not reclassified to deferred revenue, as revenue recognition was completed as of the date of adoption.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2019 and 2018

In 2018, Options adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The standard changed the following aspects of Options' combined financial statements:

- (a) The unrestricted net asset class was renamed Net Assets Without Donor Restrictions;
- (b) The temporarily restricted net asset classes was renamed Net Assets With Donor Restrictions;
- (c) The combined financial statements included a disclosure about liquidity and availability of resources (Note 3);
- (d) Expenses were reported by both nature and function and disclosure of specific methodologies used to allocate costs among program and support functions was included (Note 1).

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and lease liabilities on the combined statements of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for Options for fiscal years beginning after December 15, 2020, with early adoption permitted. Management is currently evaluating the impact of ASU 2016-02 on Options' combined financial statements.

2. Program Service Revenue

Options disaggregates program service revenue, including revenue from contracts with customers 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, 2019:

	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 with customers:								
Medicaid	\$ 4,537,086	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,537,086
NYS OMH	-	3,543,899	-	-	-	-	-	3,543,899
Medicaid Managed Care	209,023	-	3,595,200	-	-	-	-	3,804,223
Tenant fees	1,513,281	547,279	-	738,086	639,418	-	-	3,438,064
HUD	-	-	-	324,731	1,005,311	-	-	1,330,042
Other	-	-	-	-	-	-	28,452	28,452
Total revenue from contracts with customers	6,259,390	4,091,178	3,595,200	1,062,817	1,644,729	-	28,452	16,681,766
Government and other grants:								
NYS OMH	456,851	515	-	-	-	-	-	457,366
HUD	-	-	-	176,459	-	1,022,862	-	1,199,321
NYS OTDA	-	760,596	-	223,421	-	-	-	984,017
NYS DOH	-	-	-	808,764	-	-	-	808,764
Health Research, Inc.	-	-	472,815	-	-	-	-	472,815
Other	598,683	-	438,244	-	-	-	-	1,036,927
Total government and other grants	1,055,534	761,111	911,059	1,208,644	-	1,022,862	-	4,959,210
Total program service revenue	\$ 7,314,924	\$ 4,852,289	\$ 4,506,259	\$ 2,271,461	\$ 1,644,729	\$ 1,022,862	\$ 28,452	\$ 21,640,976

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2019 and 2018

Accounts receivable, net, as of December 31, 2019, consisted of \$723,197 related to revenue from contracts with customers and \$1,428,880 related to government and other grants. As of December 31, 2019, Options has been awarded cost reimbursements and other conditional grants that have not been recognized as income in the amount of approximately \$6,886,000.

3. Liquidity and Availability of Resources

The following table reflects Options' financial assets available for general expenditure within one year as of December 31, 2019 and 2018. 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.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 4,298,888	\$ 4,167,496
Investments	4,164,171	3,738,056
Accounts receivable	<u>2,152,077</u>	<u>1,629,232</u>
	10,615,136	9,534,784
Less amounts unavailable for general expenditures within one year, due to:		
Purpose restrictions	<u>285,479</u>	<u>41,071</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,329,657</u>	<u>\$ 9,493,713</u>

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 a reserve for replacements account. Options had balances of \$1,563,798 and \$1,568,884 as of December 31, 2019 and 2018, respectively, in its reserve for replacements account 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:

	<u>Fair Value Measurements as of December 31, 2019</u>			
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Total Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 1,100,899	\$ -	\$ 1,100,899	\$ 854,163
Corporate bonds	-	1,534,833	1,534,833	1,516,854
Treasury notes and bonds	<u>1,308,809</u>	<u>-</u>	<u>1,308,809</u>	<u>1,293,254</u>
Total	<u>\$ 2,409,708</u>	<u>\$ 1,534,833</u>	3,944,541	<u>\$ 3,664,271</u>
Cash and cash equivalents			<u>219,630</u>	
Total investments			<u>\$ 4,164,171</u>	

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2019 and 2018

Fair Value Measurements as of December 31, 2018

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total Fair Value	Cost
Mutual funds	\$ 1,741,569	\$ -	\$ 1,741,569	\$ 1,749,249
Corporate bonds	-	743,711	743,711	757,967
Treasury notes and bonds	1,074,335	-	1,074,335	1,078,889
Total	<u>\$ 2,815,904</u>	<u>\$ 743,711</u>	3,559,615	<u>\$ 3,586,105</u>
Cash and cash equivalents			178,441	
Total investments			<u>\$ 3,738,056</u>	

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

	2019	2018
Interest and dividends	\$ 139,161	\$ 127,990
Unrealized gain (loss)	306,760	(240,033)
Realized gain	27,194	29,831
Total	<u>\$ 473,115</u>	<u>\$ (82,212)</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:

	2019	2018
Land	\$ 16,313,962	\$ 16,336,197
Buildings and improvements	52,498,983	53,383,134
Furniture, equipment and vehicles	2,153,690	2,237,494
	70,966,635	71,956,825
Accumulated depreciation	<u>(27,076,442)</u>	<u>(25,885,876)</u>
Total	<u>\$ 43,890,193</u>	<u>\$ 46,070,949</u>

Included in buildings and improvements as of December 31, 2019 are amounts that represent construction in process, which are not in service, of \$8,833.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018, approximately \$42,146,000 and \$42,788,000, 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 5 to 40 years. The capital advances were recognized as revenue prior to the adoption of ASU 2018-08 and are recorded in net assets.

Capital advances of \$22,808 and \$89,508 were recognized as income during the years ended December 31, 2019 and 2018, respectively.

Options sold its Smithtown property in December 2019 which resulted in a gain of approximately \$977,000.

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. Lines of Credit

On December 17, 2018, Options entered into a line of credit agreement with JPMorgan Chase Bank, N.A. in the amount of \$2,700,000. The line is secured and collateralized by Options' property. Interest on the unpaid principal balance is computed at the yearly LIBOR plus 3 percent per annum (4.06 percent at December 31, 2018). As of December 31, 2018, there was \$2,373,000 outstanding on the line. The balance was due and payable in full on September 17, 2019, at which time, the terms were extended through December 17, 2019.

On December 9, 2019, Options refinanced the line of credit with a \$1,100,000 mortgage and a new line of credit in the amount of \$1,273,000 with JP Morgan Chase Bank, N.A. The line is secured and collateralized by Options' property. Interest on the unpaid principal balance is computed at the yearly LIBOR plus 2 percent per annum (3.96 percent as of December 31, 2019). As of December 31, 2019, there was \$1,273,000 outstanding on the line. The outstanding balance was paid in full in January 2020 and the line was closed.

Total interest expense on the lines of credit for the year ended December 31, 2019 approximated \$97,000.

9. 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. As of December 31, 2019 and 2018, advances of \$2,705,776, respectively, have been received relating to the acquisition of the site. Sometime after the site has been certified for occupancy, New York State will be eligible to finance the transaction through a Dormitory Authority of the State of New York (DASNY) bond offering. No repayment is required until the bond is issued. As of December 31, 2019, the advances have been included in the DASNY bond offering and are, therefore, included in long-term liabilities on the combined statements of financial position as of December 31, 2019 and 2018.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2019 and 2018

10. Long-Term Debt

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

	<u>2019</u>	<u>2018</u>
Huntington mortgage, payable in monthly installments of \$1,376 through August 2023, including interest at 5.75% per annum, collateralized by the respective property.	\$ 54,474	\$ 67,447
Selden mortgage, payable in monthly installments of \$1,329 through July 2024, including interest at 6.375% per annum, collateralized by the respective property.	62,855	74,389
Port Jefferson Station mortgage, payable in monthly installments of \$1,818 through September 2019, including interest at 6.25% per annum, collateralized by the respective property.	-	16,414
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.	146,665	153,332
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.	146,665	153,332
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.	158,332	164,999
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.	158,332	164,999
Patchogue mortgage, payable in monthly installments of \$2,104 through May 2028 including interest at 5.25% per annum, collateralized by the respective property.	241,689	253,725
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.	2,854,865	2,943,454
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.	<u>1,100,000</u>	<u>-</u>
Subtotal	4,923,877	3,992,091
Less current maturities	(197,001)	(168,100)
Less unamortized deferred financing costs	<u>(179,087)</u>	<u>(158,333)</u>
Total long-term debt	<u>\$ 4,547,789</u>	<u>\$ 3,665,658</u>

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2019 and 2018

Long-term debt matures approximately as follows:

Years ending December 31:	
2020	\$ 197,000
2021	205,900
2022	215,000
2023	219,100
2024	210,000
Thereafter	<u>3,876,900</u>
Total	<u>\$ 4,923,900</u>

Total interest expense on long-term debt for the years ended December 31, 2019 and 2018 approximated \$174,000 and \$184,000, respectively.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions designated for specific programs aggregated \$285,479 and \$41,071 as of December 31, 2019 and 2018, respectively. During the years ended December 31, 2019 and 2018, \$89,542 and \$61,127, respectively, of net assets with donor restrictions were released from restrictions because they were used for the donor-specified purpose.

12. Fundraising Expenses

For the years ended December 31, 2019 and 2018, fundraising expenses were approximately \$54,000 and \$56,000, 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. Expense for this Plan for the years ended December 31, 2019 and 2018 approximated \$378,000 and \$313,000, respectively. Options also sponsors a 457(b) plan for certain of its employees. Assets and liabilities under this plan, which is funded through employee salary deferrals, are included in other assets limited as to use and other liabilities on the accompanying combined statements of financial position, however no balances are recorded as of December 31, 2019 and 2018.

14. Commitments and Contingencies

Operating Leases

Options is obligated under various noncancellable operating leases for certain of its facilities and equipment, expiring through 2024. Options is also obligated to pay for maintenance and real estate taxes on certain leased properties.

Options for Community Living, Inc. and Affiliates

Notes to Combined Financial Statements

December 31, 2019 and 2018

Future minimum lease payments under these operating leases are as follows:

Years ending December 31:	
2020	\$ 1,028,800
2021	381,700
2022	148,600
2023	74,500
2024	72,300
	<hr/>
Total	\$ 1,705,900

Rent expense for the years ended December 31, 2019 and 2018 approximated \$1,488,000 and \$1,370,000, respectively.

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.

15. Concentrations of Credit Risk

Financial instruments which potentially subject Options to concentrations of credit risk consist principally of cash, investments and accounts receivable from government agencies. 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, 2019 and 2018, Options purchased and/or rehabilitated buildings using proceeds of capital advances and mortgages primarily from HUD paid directly to the sellers or contractors, totaling \$22,808 and \$52,420, respectively. The initial acquisition and rehabilitation for these sites was previously funded by HUD. In addition, during the year ended December 31, 2019, Options refinanced its \$2,373,000 line of credit with a \$1,100,000 mortgage and a new \$1,273,000 line of credit.

Options for Community Living, Inc. and Affiliates

Combining Statement of Financial Position
Year Ended December 31, 2019 (with summarized comparative totals for 2018)

	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	2019 Combined Totals	2018 Combined Totals
Assets																				
Current Assets																				
Cash and cash equivalents	\$ 4,085,477	\$ 15,994	\$ 11,021	\$ 15,906	\$ 3,270	\$ 11,765	\$ 17,030	\$ 8,353	\$ 3,900	\$ 3,697	\$ 4,512	\$ 4,534	\$ 20,955	\$ 14,257	\$ 25,708	\$ 16,610	\$ 35,899	\$ -	\$ 4,298,888	\$ 4,167,496
Investments	4,164,171	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,164,171
Accounts receivable, net	2,136,897	217	937	339	1,743	838	-	392	1,339	2,044	739	2,821	2,353	592	389	-	437	-	2,152,077	1,629,232
Due from affiliates	112,884	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(112,884)	-	-
Prepaid expenses and other current assets	212,123	-	-	-	-	-	-	-	-	362	-	-	-	-	-	398	-	-	-	218,008
Total current assets	10,711,552	16,211	11,958	16,245	5,013	12,603	17,030	8,745	5,239	6,103	5,251	7,355	23,308	14,849	26,097	17,008	36,336	(112,884)	10,828,019	9,752,792
Assets Limited as to Use																				
Reserve for replacements	511,875	44,476	18,321	12,638	64,786	47,541	37,006	72,730	52,344	19,886	41,813	61,117	164,454	167,526	127,265	79,763	40,257	-	1,563,798	1,568,884
Residual receipts reserve	-	3,754	3,751	733	-	2,252	3,001	2,250	2,251	-	3,003	2,251	3,001	3,001	3,000	3,001	3,750	-	38,999	40,467
Tenant deposits held in trust	81,998	2,981	3,959	1,219	2,349	1,832	2,879	1,657	2,035	3,907	2,609	2,146	2,623	3,637	3,515	2,573	4,142	-	126,061	119,665
Other assets limited as to use	249,871	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	249,871	233,860
	843,744	51,211	26,031	14,590	67,135	51,625	42,886	76,637	56,630	23,793	47,425	65,514	170,078	174,164	133,780	85,337	48,149	-	1,978,729	1,962,876
Land, Buildings and Improvements and Equipment, Net																				
	28,623,072	385,923	455,058	197,826	312,988	309,841	460,424	414,750	519,939	1,276,056	1,128,979	1,205,887	1,281,823	1,400,850	1,786,957	1,650,479	2,479,341	-	43,890,193	46,070,949
Total assets	\$ 40,178,368	\$ 453,345	\$ 493,047	\$ 228,661	\$ 385,136	\$ 374,069	\$ 520,340	\$ 500,132	\$ 581,808	\$ 1,305,952	\$ 1,181,655	\$ 1,278,756	\$ 1,475,209	\$ 1,589,863	\$ 1,946,834	\$ 1,752,824	\$ 2,563,826	\$ (112,884)	\$ 56,696,941	\$ 57,786,617
Liabilities and Net Assets																				
Current Liabilities																				
Accounts payable and accrued expenses	\$ 372,827	\$ 15,066	\$ 13,914	\$ 3,052	\$ 12,622	\$ 12,750	\$ 13,326	\$ 11,559	\$ 11,582	\$ 14,370	\$ 12,432	\$ 12,588	\$ 12,355	\$ 12,996	\$ 12,436	\$ 14,014	\$ 12,170	\$ -	\$ 570,059	\$ 593,941
Accrued salaries and related costs	629,261	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	629,261	563,529
Due to affiliate	-	6,207	6,694	2,753	22,494	4,256	5,344	3,748	13,669	6,825	5,136	8,263	4,847	4,725	4,787	5,589	7,547	(112,884)	-	-
Due to governmental agencies	1,441,290	-	-	9,335	-	-	-	-	-	-	-	-	4,525	-	8,485	-	16,403	-	1,480,038	1,477,228
Line of credit	1,273,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,273,000	2,373,000
Current portion of long-term debt	197,001	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	197,001	168,100
Deferred income	246,678	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	246,678	928,489
Other current liabilities	6,036	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,036	7,857
Total current liabilities	4,166,093	21,273	20,608	15,140	35,116	17,006	18,670	15,307	25,251	21,195	17,568	20,851	21,727	17,721	25,708	19,603	36,120	(112,884)	4,402,073	6,112,144
Long-Term Debt, Net	4,547,789	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,547,789	3,665,658
Tenant Deposits Held in Trust	81,998	2,981	3,959	1,219	2,349	1,832	2,879	1,657	2,035	3,907	2,609	2,146	2,623	3,637	3,515	2,573	4,142	-	126,061	119,665
Advance From New York State	2,705,776	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,705,776	2,705,776
Other Liabilities	162,257	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	162,257	218,382
Total liabilities	11,663,913	24,254	24,567	16,359	37,465	18,838	21,549	16,964	27,286	25,102	20,177	22,997	24,350	21,358	29,223	22,176	40,262	(112,884)	11,943,956	12,821,625
Net Assets																				
Net assets without donor restrictions	28,228,976	429,091	468,480	212,302	347,671	355,231	498,791	483,168	554,522	1,280,850	1,161,478	1,255,759	1,450,859	1,568,505	1,917,611	1,730,648	2,523,564	-	44,467,506	44,923,921
Net assets with donor restrictions	285,479	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	285,479	41,071
Total net assets	28,514,455	429,091	468,480	212,302	347,671	355,231	498,791	483,168	554,522	1,280,850	1,161,478	1,255,759	1,450,859	1,568,505	1,917,611	1,730,648	2,523,564	-	44,752,985	44,964,992
Total liabilities and net assets	\$ 40,178,368	\$ 453,345	\$ 493,047	\$ 228,661	\$ 385,136	\$ 374,069	\$ 520,340	\$ 500,132	\$ 581,808	\$ 1,305,952	\$ 1,181,655	\$ 1,278,756	\$ 1,475,209	\$ 1,589,863	\$ 1,946,834	\$ 1,752,824	\$ 2,563,826	\$ (112,884)	\$ 56,696,941	\$ 57,786,617

Options for Community Living, Inc. and Affiliates

Combining Statement of Activities and Change in Net Assets
 Year Ended December 31, 2019 (with summarized comparative totals for 2018)

	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	2019 Combined Totals	2018 Combined Totals	
Net Assets Without Donor Restrictions																					
Revenue:																					
Program services:																					
Mental health licensed programs	\$ 7,314,924	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,314,924	\$ 6,396,821
Mental health supportive housing	4,852,289	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,852,289	4,565,355
ATC - care coordination	4,506,259	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,506,259	3,868,651
ATC - residential services	2,271,461	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,271,461	2,042,190
HUD Section 811 rental fees	-	131,126	135,103	60,737	73,050	82,915	100,005	78,676	83,835	135,135	105,379	79,074	107,234	112,418	115,361	114,624	130,057	-	1,644,729	1,563,201	
Mainstream rent vouchers	1,022,862	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,022,862	1,065,429
Thrifty shop	28,452	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28,452	23,508
Total program services	19,996,247	131,126	135,103	60,737	73,050	82,915	100,005	78,676	83,835	135,135	105,379	79,074	107,234	112,418	115,361	114,624	130,057	-	21,640,976	19,525,155	
Other revenue:																					
Investment income (loss)	473,003	6	2	1	6	6	4	7	5	2	7	7	16	17	13	9	4	-	-	473,115	(82,212)
Management fees	148,904	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(148,904)	-	-	-
Contributions and grants	38,568	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	38,568	68,606
Miscellaneous income	70,086	-	-	-	50	-	297	217	-	150	-	634	-	334	-	-	-	148	-	71,916	72,992
Total other revenue	730,561	6	2	1	56	6	301	224	5	152	7	641	16	351	13	9	152	(148,904)	-	583,599	59,286
Net assets released from restrictions	89,542	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89,542	61,127
Total revenue	20,816,350	131,132	135,105	60,738	73,106	82,921	100,306	78,900	83,840	135,287	105,386	79,715	107,250	112,769	115,374	114,633	130,209	(148,904)	22,314,117	19,645,568	
Expenses																					
Program services:																					
Mental health licensed programs	6,286,061	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,286,061	5,722,742
Mental health supportive programs	4,432,968	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,432,968	4,166,314
ATC - care coordination	4,131,115	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,131,115	3,805,123
ATC - residential services	2,982,565	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,982,565	2,787,087
HUD Section 811 housing	-	161,865	166,475	67,738	102,236	111,133	126,910	100,528	118,576	182,350	153,846	116,600	128,005	143,592	151,039	147,459	198,795	-	2,177,147	2,230,693	
Mainstream rent vouchers	1,031,624	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,031,624	1,073,012
Thrifty shop	32,180	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	32,180	33,097
Total program expenses	18,896,513	161,865	166,475	67,738	102,236	111,133	126,910	100,528	118,576	182,350	153,846	116,600	128,005	143,592	151,039	147,459	198,795	-	21,073,660	19,818,068	
Supporting services:																					
Management and general	2,637,729	15,148	15,572	5,298	8,731	8,919	11,538	8,774	8,686	15,028	12,237	8,044	10,347	10,958	10,738	10,969	13,262	(148,904)	2,663,074	2,329,606	
Total expenses	21,534,242	177,013	182,047	73,036	110,967	120,052	138,448	109,302	127,262	197,378	166,083	124,644	138,352	154,550	161,777	158,428	212,057	(148,904)	23,736,734	22,147,674	
Change in net assets without donor restrictions before capital advances, residual receipts due to HUD and gains on sales																					
	(717,892)	(45,881)	(46,942)	(12,298)	(37,861)	(37,131)	(38,142)	(30,402)	(43,422)	(62,091)	(60,697)	(44,929)	(31,102)	(41,781)	(46,403)	(43,795)	(81,848)	-	(1,422,617)	(2,502,106)	
Capital advances																					
Residual receipts due to HUD	22,808	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22,808	89,508
Gains on sales of land, building and improvements and equipment	-	-	-	(9,335)	-	-	-	-	-	-	-	-	(4,525)	-	(8,485)	-	(16,403)	-	-	(38,748)	(13,329)
Change in net assets without donor restrictions	287,058	(45,881)	(46,942)	(21,633)	(37,861)	(37,131)	(38,142)	(30,402)	(43,422)	(62,091)	(60,697)	(44,929)	(35,627)	(41,781)	(54,888)	(43,795)	(98,251)	-	(456,415)	(2,425,927)	
Change in net assets with donor restrictions:																					
Contributions and grants	333,950	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	333,950	84,590
Net assets released from restrictions	(89,542)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(89,542)	(61,127)
Change in net assets with donor restrictions	244,408	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	244,408	23,463
Change in net assets	531,466	(45,881)	(46,942)	(21,633)	(37,861)	(37,131)	(38,142)	(30,402)	(43,422)	(62,091)	(60,697)	(44,929)	(35,627)	(41,781)	(54,888)	(43,795)	(98,251)	-	(212,007)	(2,402,464)	
Net Assets, Beginning	27,982,989	474,972	515,422	233,935	385,532	392,362	536,933	513,570	597,944	1,342,941	1,222,175	1,300,688	1,486,486	1,610,286	1,972,499	1,774,443	2,621,815	-	44,964,992	47,367,456	
Net Assets, Ending	\$ 28,514,455	\$ 429,091	\$ 468,480	\$ 212,302	\$ 347,671	\$ 355,231	\$ 498,791	\$ 483,168	\$ 554,522	\$ 1,280,850	\$ 1,161,478	\$ 1,255,759	\$ 1,450,859	\$ 1,568,505	\$ 1,917,611	\$ 1,730,648	\$ 2,523,564	\$ -	\$ 44,752,985	\$ 44,964,992	