

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020
AND
SUPPLEMENTARY INFORMATION INCLUDING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND REPORTS ON COMPLIANCE AND
INTERNAL CONTROL
YEAR ENDED JUNE 30, 2021**

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Employment Options, Inc. and Affiliate
Marlborough, Massachusetts

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Employment Options, Inc. and Affiliate (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Employment Options, Inc. and Affiliate as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Report on Summarized Comparative Information

We have previously audited Employment Options, Inc. and Affiliate's 2020 consolidated financial statements, and we expressed an unmodified opinion on those consolidated financial statements in our report dated October 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 19 - 21 is presented for purposes of additional analysis of the consolidated financial statements, rather than to present financial position, results of operations of the individual organizations, and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of Employment Options, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Employment Options, Inc. and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Employment Options, Inc. and Affiliate's internal control over financial reporting and compliance.


CITRINCOOPERMAN COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
November 15, 2021

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents, including restricted cash	\$ 1,085,875	\$ 1,136,984
Grants and contracts receivable	251,912	128,781
Accounts receivable, net	4,187	7,329
Prepaid expenses and other current assets	<u>42,883</u>	<u>46,348</u>
Total current assets	1,384,857	1,319,442
Property and equipment, net	<u>1,587,325</u>	<u>1,710,374</u>
TOTAL ASSETS	<u>\$ 2,972,182</u>	<u>\$ 3,029,816</u>

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
Current liabilities:		
Current portion of long-term debt	\$ 43,535	\$ 41,883
Accounts payable	25,960	30,998
Accrued expenses and other current liabilities	80,901	96,781
Refundable advances	<u>-</u>	<u>125,780</u>
Total current liabilities	150,396	295,442
Long-term debt, net of current portion	<u>1,083,633</u>	<u>976,358</u>
Total liabilities	<u>1,234,029</u>	<u>1,271,800</u>
Net assets:		
Without donor restrictions:		
Board designated stabilization fund	79,000	79,000
Operating	<u>894,018</u>	<u>930,614</u>
Total net assets without donor restrictions	973,018	1,009,614
With donor restrictions	<u>765,135</u>	<u>748,402</u>
Total net assets	<u>1,738,153</u>	<u>1,758,016</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,972,182</u>	<u>\$ 3,029,816</u>

See accompanying notes to consolidated financial statements.

EMPLOYMENT OPTIONS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021 (with comparative totals for year ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
Public support and other revenue:				
Public support:				
State contracts	\$ 1,204,975	\$ -	\$ 1,204,975	\$ 1,198,396
HUD rental subsidy	<u>56,332</u>	<u>-</u>	<u>56,332</u>	<u>64,644</u>
Total public support	<u>1,261,307</u>	<u>-</u>	<u>1,261,307</u>	<u>1,263,040</u>
Other revenue:				
Transportation	247,842	-	247,842	308,775
Grants and contributions	182,467	58,333	240,800	392,641
Social enterprises	67,127	-	67,127	145,711
Special events	63,976	-	63,976	-
Rental income	44,761	-	44,761	46,266
Other income	20,975	-	20,975	4,010
Donated goods and materials	8,400	-	8,400	8,400
Program services	580	-	580	2,900
Interest	277	-	277	689
Clubhouse sales	-	-	-	11,866
Net assets released from donor restrictions	<u>41,600</u>	<u>(41,600)</u>	<u>-</u>	<u>-</u>
Total other revenue	<u>678,005</u>	<u>16,733</u>	<u>694,738</u>	<u>921,258</u>
Total public support and other revenue	<u>1,939,312</u>	<u>16,733</u>	<u>1,956,045</u>	<u>2,184,298</u>
Expenses:				
Program	1,434,408	-	1,434,408	1,631,417
Supporting services	<u>541,500</u>	<u>-</u>	<u>541,500</u>	<u>431,193</u>
Total expenses	<u>1,975,908</u>	<u>-</u>	<u>1,975,908</u>	<u>2,062,610</u>
Change in net assets	(36,596)	16,733	(19,863)	121,688
Net assets - beginning of year	<u>1,009,614</u>	<u>748,402</u>	<u>1,758,016</u>	<u>1,636,328</u>
NET ASSETS - END OF YEAR	<u>\$ 973,018</u>	<u>\$ 765,135</u>	<u>\$ 1,738,153</u>	<u>\$ 1,758,016</u>

See accompanying notes to consolidated financial statements.

EMPLOYMENT OPTIONS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021 (with comparative totals for year ended June 30, 2020)

	Program Services				Supporting Services					
	Housing and Residential Support	Clubhouse	Social Enterprises	Transportation	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total	
									2021	2020
Personnel related expenses:										
Salaries and wages	\$ 16,174	\$ 430,323	\$ 80,023	\$ 128,669	\$ 655,189	\$ 61,572	\$ 186,133	\$ 247,705	\$ 902,894	\$ 964,284
Fringe benefits	5,213	57,685	7,944	16,654	87,496	12,722	31,885	44,607	132,103	130,972
Payroll taxes	1,449	38,707	7,217	11,719	59,092	5,520	23,552	29,072	88,164	95,052
Total personnel related expenses	<u>22,836</u>	<u>526,715</u>	<u>95,184</u>	<u>157,042</u>	<u>801,777</u>	<u>79,814</u>	<u>241,570</u>	<u>321,384</u>	<u>1,123,161</u>	<u>1,190,308</u>
Occupancy expenses:										
Building operation	83,133	64,407	120	1,006	148,666	-	9,970	9,970	158,636	130,872
Building depreciation	35,463	82,777	-	-	118,240	-	11,421	11,421	129,661	126,054
Mortgage interest	-	19,448	-	-	19,448	-	7,779	7,779	27,227	25,680
Insurance	6,259	9,120	-	-	15,379	-	10,589	10,589	25,968	24,947
Total occupancy expenses	<u>124,855</u>	<u>175,752</u>	<u>120</u>	<u>1,006</u>	<u>301,733</u>	<u>-</u>	<u>39,759</u>	<u>39,759</u>	<u>341,492</u>	<u>307,553</u>
Other operating expenses										
Client transportation	-	27,792	16	92,428	120,236	-	-	-	120,236	117,488
Consultants and professional fees	-	9,949	3,373	-	13,322	13,300	120,255	133,555	146,877	142,284
Program supplies	-	62,031	45,983	1,290	109,304	1,663	978	2,641	111,945	188,651
Office	-	7,198	2,869	-	10,067	4,491	22,675	27,166	37,233	40,772
Vehicle	-	18,641	4,925	9,254	32,820	-	-	-	32,820	19,956
Travel and meetings	20,000	1,707	-	-	21,707	24	196	220	21,927	11,101
Depreciation and amortization	-	15,853	-	-	15,853	-	-	-	15,853	22,392
Events	-	-	-	-	-	14,994	-	14,994	14,994	900
Client assistance	-	5,493	-	-	5,493	-	-	-	5,493	7,068
Advertising	-	-	11	346	357	1,278	503	1,781	2,138	1,674
Bad debt	901	-	-	-	901	-	-	-	901	11,804
Training	-	838	-	-	838	-	-	-	838	659
Total other operating expenses	<u>20,901</u>	<u>149,502</u>	<u>57,177</u>	<u>103,318</u>	<u>330,898</u>	<u>35,750</u>	<u>144,607</u>	<u>180,357</u>	<u>511,255</u>	<u>564,749</u>
TOTAL EXPENSES	<u>\$ 168,592</u>	<u>\$ 851,969</u>	<u>\$ 152,481</u>	<u>\$ 261,366</u>	<u>\$ 1,434,408</u>	<u>\$ 115,564</u>	<u>\$ 425,936</u>	<u>\$ 541,500</u>	<u>\$ 1,975,908</u>	<u>\$ 2,062,610</u>

See accompanying notes to consolidated financial statements.

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating activities:		
Change in net assets	\$ (19,863)	\$ 121,688
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Bad debt	901	11,804
Depreciation and amortization	145,514	148,446
Non-cash interest	595	595
Changes in operating assets and liabilities:		
Grants and contracts receivable	(123,131)	77,579
Accounts receivable, net	2,241	23,062
Prepaid expenses and other current assets	3,465	(13,407)
Accounts payable	(5,038)	(7,696)
Accrued expenses and other current liabilities	(15,880)	(4,569)
Refundable advances	<u>(125,780)</u>	<u>125,780</u>
Net cash provided by (used in) operating activities	<u>(136,976)</u>	<u>483,282</u>
Investing activities:		
Purchase of property and equipment	<u>(22,465)</u>	<u>(25,671)</u>
Net cash used in investing activities	<u>(22,465)</u>	<u>(25,671)</u>
Financing activities:		
Principal payments on long-term debt	(41,668)	(34,677)
Proceeds from long-term debt	<u>150,000</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>108,332</u>	<u>(34,677)</u>
Net increase (decrease) in cash and cash equivalents, including restricted cash	(51,109)	422,934
Cash and cash equivalents, including restricted cash - beginning of year	<u>1,136,984</u>	<u>714,050</u>
CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH - END OF YEAR	<u>\$ 1,085,875</u>	<u>\$ 1,136,984</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ 26,632</u>	<u>\$ 25,085</u>

See accompanying notes to consolidated financial statements.

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1. ORGANIZATION

Employment Options, Inc.

Employment Options, Inc. ("EO") is a nonprofit agency serving those in the Metro West region of Massachusetts who are looking to improve and manage their mental health and wellness, including individuals who have experienced economic disadvantages. With a forward-thinking approach, EO provides an environment where individuals support and encourage each other to live life to its fullest and gain the dignity and respect we all deserve as individuals. The Options Clubhouse ("Clubhouse") located in Marlborough, MA, is where individuals (18+) support each other and learn valuable skills to move their life forward. By working as a team, the members of the Clubhouse gain meaningful employment and the skills to get that next job, build integral life skills, interact more socially with their peers and the community and, in turn, achieve personal growth. With each other's support, members work to transform their lives and empower one another to achieve their full potential, be a better parent and family member and return to the workplace. Much of EO's efforts revolve around getting people back to work and assisting members with the skills to build self-sufficient lives for themselves and their families.

EO provides individuals the opportunity to get involved with vital programs to assist in their recovery through diverse recovery services, such as Workforce Development Programs, Young Adult Programs, and the Family Options Program. A description of its major programs is as follows:

Workforce Development Programs

The Workforce Development Programs provide skill development and training and also include a social enterprise, Catering Options. Catering Options is a full-service catering operation which gives members the opportunity to train and work in a social enterprise. This gives members the added advantage of achieving skill acquisition to advance their future career and job goals. Employment is a transformation tool which provides the foundation in creating improved mental health and wellness for those in recovery.

Young Adult Programs

These programs focus on helping members (ages 18-26) in areas such as job skills, occupational training, education, leadership development and career exploration.

Family Options

These programs assist families with the development of family-focused goals, accessing vital resources, developing educational goals, navigating economic issues, and family stabilization. A skilled family coach will also work with members in-home to bring about a better family experience. Family Options also offers both custodial and non-custodial parents an array of recovery and parenting support services which include peer mentoring and parent coaching. Family Options also provides legal support through the Clubhouse Family Legal Support Project ("CFLSP") which focuses on consultation and support to clubhouse staff and parents, direct representation and referrals to agencies or attorneys. CFLSP is a partnership between EO and the Mental Health Legal Advisors Committee and is funded by the Massachusetts Department of Mental Health and the Massachusetts Bar Foundation.

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1. ORGANIZATION (CONTINUED)

Options Properties

Options Properties, Inc. ("OP") is a separate not-for-profit corporation, which provides low-income persons with housing facilities and services specially designed to meet their health, physical, social and psychological needs to promote their security, happiness and usefulness in longer living. OP was created for the purpose of constructing a rental housing project under Section 811 of the National Housing Act of 1990 to provide residence for low-income persons. OP is subject to compliance requirements under a regulatory agreement with the U.S. Department of Housing and Urban Development (HUD).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of EO and OP (hereinafter referred to as the "Organization"). Both EO and OP are under common management and control. The consolidated financial statements of the Organization have been prepared in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP"). All significant intercompany balances and transactions have been eliminated in consolidation. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

Financial Statement Presentation

The Organization follows the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Subtopic *Presentation of Financial Statements of Not-for-Profit Entities*. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization may designate portions of these net assets as board designated for various purposes.

Net assets with donor restrictions - Net assets subject to stipulation by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor had stipulated the funds be maintained in perpetuity. As of June 30, 2021 and 2020, the Organization does not have net assets with donor restrictions that are perpetual in nature.

EMPLOYMENT OPTIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Cash and cash equivalents include cash on hand, demand deposits, and restricted deposits including security deposits, replacement reserves and residual receipt deposits, as well as highly liquid investments with original maturities of three months or less. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Grants and Contracts Receivable and Accounts Receivable

Grants and contracts receivable and accounts receivable are stated at the amount that management expects to collect from outstanding balances. Accounts receivable, net totaled \$4,187, \$7,329, and \$42,195 at June 30, 2021, 2020 and 2019, respectively. Grants and contracts receivable totaled \$251,912 and \$128,781 at June 30, 2021 and 2020, respectively. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on a review assessment of the collectibility of each amount. Recoveries of receivables previously written off are recorded as income when received. The allowance for doubtful accounts as of June 30, 2021 and 2020 was \$411.

Property and Equipment

Property and equipment purchased are recorded at cost. Property and equipment donated are recorded at fair value at the time of donation. The Organization capitalizes expenditures for property and equipment in excess of \$1,500. Expenditures for major improvements are capitalized, while expenditures for routine maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets which are as follows:

<u>Description</u>	<u>Years</u>
Buildings and improvements	10 - 30
Furniture and equipment	3 - 10

EMPLOYMENT OPTIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction in Progress

Costs associated with construction of major projects are accumulated until completion of the project. The completed asset is then depreciated over its useful life after being placed in service.

Impairment of Long-Lived Assets

The Organization's long-lived assets are reviewed for impairment in accordance with the guidance of FASB ASC Topic *Property, Plant and Equipment*, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. At June 30, 2021 and 2020, management has determined that no long-lived assets are impaired.

Refundable Advances

At June 30, 2020, the Organization had amounts reported as refundable advances which included sponsorships of \$33,265 received in advance for a special event that was postponed due to the COVID-19 pandemic (Note 16). These amounts were either returned to the respective sponsors, or recognized as revenue with permission from the sponsors during the year ended June 30, 2021. Also included in refundable advances at June 30, 2020, are proceeds of \$92,515 from the Paycheck Protection Program ("PPP") that was recognized as revenue during the year ended June 30, 2021 (Note 9). There were no refundable advances at June 30, 2021.

Deferred Financing Costs

The Organization has capitalized the costs associated with obtaining bond financing. Loan acquisition costs are amortized over the life of the related loan and are presented net of the outstanding long-term debt in the accompanying consolidated statements of financial position. Amortization of deferred financing costs is reported as interest expense on the accompanying consolidated statements of activities and changes in net assets.

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from donor restrictions.

EMPLOYMENT OPTIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

The Organization recognizes revenue under ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606"). Revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Under Topic 606, the Organization recognizes revenue when it satisfies performance obligations by transferring control over a product or service to a customer. The Organization's services are distinct and separately stated in the contract and as such, are treated as a separate performance obligations that are satisfied as the services are rendered. The Organization determines the transaction price based on contractually agreed upon rates, adjusted for variable consideration, if any.

Social enterprises ("Catering Options") and clubhouse sales are recognized as revenue at the point in time when food or products are sold and as events are catered. Program services and ticket sales for special events are recognized over the period the service is provided or the special event occurs.

Rentals are derived from short-term leases on apartment units. Rents due from tents are recognized as rental income under the terms of the operating lease.

The Organization accounts for its housing assistance payments as conditional nonreciprocal transactions. Housing assistance payments are recognized as revenue when the Organization has executed the lease with an eligible tenant and over the period the leased premises is made available to the eligible tenant.

Contributions and Grants

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions received with time or purpose restrictions are reported as net assets with donor restrictions, and are reclassified to net assets without donor restrictions when those restrictions are fulfilled.

Donated goods are recorded as contributions at fair value at the date of the donation. Donated services are recorded as contributions at fair value at the date services are performed if the services required specialized skills which would otherwise be purchased by the Organization. The consolidated financial statements include donated services of \$8,400 each year for the years ended June 30, 2021 and 2020 (Note 11). The consolidated financial statements do not reflect amounts for many services provided by volunteers since no objective basis is available to measure the value of these services.

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants (continued)

A portion of the Organization's revenue is derived from cost-reimbursable and/or unit-rate federal and state contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amount received are recognized as revenue when the Organization has incurred expenditures or provided the related services in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or providing the related services are reported as refundable advances in the statement of financial position.

Disaggregation of Revenue

The Organization offers employment opportunities and other services in the Metro West region of Massachusetts. The Organization's viability is dependent on the strength of the regional economy and its ability to generate revenues from state and federal contracts, transportation, and other programs and its ability to collect these amounts.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying consolidated financial statements. Accordingly, certain costs have been allocated among programs and supporting services benefited on a reasonable basis that is consistently applied. Expenses allocated on the basis of time and effort or actual usage include personnel and related costs, program supplies, consultants and professional fees, office, travel and meetings, advertising, and training. Occupancy costs and depreciation and amortization are allocated on a square footage basis.

Advertising

Advertising costs are charged to expense as incurred. The Organization incurred advertising costs of \$2,138 and \$1,674 during the years ended June 30, 2021 and 2020, respectively, which are included in program and supporting services.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements. The Organization is subject to federal and state income taxes on unrelated business income, if any. The Organization files informational tax returns as required by the IRC.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. The Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. The Topic also provides guidance on recognition, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Management believes that the Organization has no material uncertain tax positions.

EMPLOYMENT OPTIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued But Not Yet Effective Accounting Pronouncements

In-kind Contributions - In September 2020, FASB issued Accounting Standards Update ("ASU") No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets ("ASU 2020-07")*, which is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU is effective for annual periods beginning after June 15, 2021, with early adoption permitted. The Organization is evaluating the effect that ASU 2020-07 will have on its consolidated financial statements and related disclosures.

Leases as lessees - In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the statement of financial position through a right-of-use asset and a lease liability and enhanced disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842* and ASU No. 2018-11, *Leases: Targeted Improvements*, which provided narrow amendments to clarify how to apply certain aspects of the new leases standard and options regarding transition. The standard requires either a modified retrospective transition approach with application in all comparative periods presented, or an alternative transition method, which permits the Organization to use its effective date as the date of initial application without restating the comparative period financial statements and recognizing any cumulative effect adjustment to the opening balance sheet. In June 2020, the FASB issued ASU No. 2020-05 *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*. ASU 2020-05 amended the effective date for ASU 2016-02 and related amendments. ASU 2016-02, as amended, is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

Leases as lessors - The Organization's rental revenue is accounted for under the current lease accounting framework, and will be accounted for under ASU 2016-02. The Organization has determined that the adoption of ASU 2016-02 as it relates to its rental income will not have a material effect on the Organization's financial statements and related disclosures.

Subsequent Events

The Organization has evaluated all events subsequent to the financial statement date of June 30, 2021, through the date of which the consolidated financial statements were available to be issued November 15, 2021, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*, other than described in Note 9.

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets that are expected to be available within one year as of June 30:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents, including restricted cash	\$ 1,085,875	\$ 1,136,984
Grants and contracts receivable	251,912	128,781
Accounts receivable, net	<u>4,187</u>	<u>7,329</u>
Total financial assets available within one year	1,341,974	1,273,094
Less restricted cash	(41,069)	(37,068)
Less financial assets with donor restrictions	(89,835)	(73,102)
Less board designated net assets	<u>(79,000)</u>	<u>(79,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,132,070</u>	<u>\$ 1,083,924</u>

The Organization's goal is generally to maintain readily available financial assets to meet three months of operating expenses. The Organization also has available a \$150,000 line of credit to meet cash flow needs, if necessary (Note 6).

NOTE 4. PROPERTY AND EQUIPMENT

The Organization's property and equipment consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 228,544	\$ 228,544
Buildings and improvements	3,037,643	3,021,793
Furniture and equipment	<u>272,300</u>	<u>265,685</u>
	3,538,487	3,516,022
Less accumulated depreciation and amortization	<u>1,951,162</u>	<u>1,805,648</u>
Property and equipment, net	<u>\$ 1,587,325</u>	<u>\$ 1,710,374</u>

NOTE 5. RESTRICTED DEPOSITS

Under its regulatory agreement, OP is required to set aside amounts for the replacement of property and other project expenditures approved by the United States Department of Housing and Urban Development ("HUD"). These restricted deposits are required to be held in a separate account and are not available for operating purposes. The Organization's HUD-restricted deposits are included in cash and cash equivalents and totaled \$41,069 and \$37,068 at June 30, 2021 and 2020, respectively.

NOTE 6. LINE OF CREDIT

EO has a \$150,000 line of credit agreement with a bank, which is renewed annually. The credit line is collateralized by substantially all assets of EO. Borrowings bear interest at the bank's base lending rate plus 0.50% (3.75% at June 30, 2021 and 2020). All borrowings are payable on demand. As of June 30, 2021 and 2020 there was no outstanding balance on the line of credit.

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 7. CAPITAL ADVANCES

As of June 30, 2021, OP has an outstanding non-interest bearing capital advance of \$675,300 from HUD. These funds were used to acquire and rehabilitate residential property to provide housing to low-income families with disabilities.

The capital advance agreement requires repayment in full if the property is not maintained in accordance with the agreements, otherwise, the advances will be discharged at maturity. The maturity date of the HUD capital advance is September, 2044. It is management's intention to continue to provide housing for occupancy by eligible families and adhere to all other requirements. Therefore, the remaining capital advance from HUD has been reported as net assets with donor restrictions in the accompanying consolidated financial statements.

NOTE 8. LONG-TERM DEBT

Long-term debt consists of the following on June 30:

	<u>2021</u>	<u>2020</u>
EO: 3.57% note payable, bank, payable in monthly installments of principal and interest of \$3,873 through March 2030; secured by a mortgage on real property and substantially all assets of the Organization. In May 2020, the Organization refinanced this note, which changed the maturity date from March 2035 to March 2030 and reduced the interest rate from 4.04% to 3.57%, reducing the monthly principal and interest payments. The note amortizes over 180 months with a balloon payment due at maturity.	\$ 505,697	\$ 533,324
EO: 2.75% Economic Injury Disaster Loan ("EIDL") payable to the Small Business Administration ("SBA"), payable in monthly payments of principal and interest of \$641 beginning in September 2021 through May 2050.	150,000	-
EO: 4.48% note payable, bank, payable in monthly installments of principal and interest of \$1,558 through March 2027; secured by a mortgage on real property and substantially all assets of the Organization.	94,442	108,483
OP: CEDAC Facilities Consolidation Fund ("FCF") Loan, non-interest bearing, secured by real property and due in full (unless refinanced or forgiven) on the maturity date, June 2033.	<u>385,064</u>	<u>385,064</u>

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 8. LONG-TERM DEBT (CONTINUED)

	<u>2021</u>	<u>2020</u>
	1,135,203	1,026,871
Deferred financing costs, net	(8,035)	(8,630)
Current portion	<u>(43,535)</u>	<u>(41,883)</u>
Non-current portion	<u>\$ 1,083,633</u>	<u>\$ 976,358</u>

At June 30, 2021, the notes payable are expected to mature as follows at June 30:

<u>Years</u>	<u>Amount</u>
2022	\$ 43,535
2023	48,841
2024	50,729
2025	52,691
2026	54,730
Thereafter	<u>884,677</u>
	<u>\$ 1,135,203</u>

NOTE 9. PAYCHECK PROTECTION PROGRAM AND SUBSEQUENT EVENT

On April 24, 2020, the Organization received loan proceeds of \$245,205 under the PPP. The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the loan proceeds must be spent on payroll costs, as defined by the PPP for the loan forgiveness.

U.S. GAAP does not contain authoritative accounting standards for forgivable loans provided by governmental entities. Absent of authoritative accounting standards, interpretative guidance issued and commonly applied by financial statement preparers allow for the selection of accounting policies amongst acceptable alternatives. Based on the facts and circumstances, the Organization has determined it most appropriate to account for the PPP loan proceeds under the conditional contribution model within ASC 958-605. Under the conditional contribution model, the Organization recognizes the proceeds received as a refundable advance, and subsequently recognizes grant revenue as the conditions are met. Conditions are deemed to be met as the allowable expenses are incurred. The Organization deemed the conditional contribution model to be the most appropriate accounting policy for this arrangement based on the nature of the PPP. For the years ended June 30, 2021 and 2020 the Organization recognized \$92,515 and \$152,690, respectively, in grant revenue under the PPP, which is included in grants and contribution revenue on the accompanying consolidated statements of activities. As of June 30, 2020, \$92,515 is included in refundable advances on the accompanying consolidated statement of financial position related to the PPP.

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 9. PAYCHECK PROTECTION PROGRAM AND SUBSEQUENT EVENT (CONTINUED)

In July 2021, the Organization received approval from the Small Business Administration ("SBA") for \$245,205 of PPP Loan forgiveness. If it is determined that the Organization was not eligible to received the PPP Loan or that the Organization has not adequately complied with the rules, regulations and procedures applicable to the SBA's Loan Program, the Organization could be subject to penalties and could be required to repay the amounts previously forgiven.

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Capital advance - HUD (Note 7)	\$ 675,300	\$ 675,300
Website and IT equipment	6,800	8,400
Social enterprises	-	20,000
Construction of entryway	6,702	6,702
Other programs	<u>76,333</u>	<u>38,000</u>
Total net assets with donor restrictions	<u>\$ 765,135</u>	<u>\$ 748,402</u>

Net assets are released from donor restrictions by incurring expenses or costs satisfying the restricted purpose or by occurrence of events specified by the donors. Net assets released from donor restrictions during the years ended June 30, 2021 and 2020 totaled \$41,600 and \$190,104, respectively.

NOTE 11. OPERATING LEASES

The Organization received a donation of the usage of three vehicles. The in-kind donation was valued at the estimated cost to lease those vehicles of \$8,400 at June 30, 2021 and 2020.

NOTE 12. POWER PURCHASE AGREEMENT

EO has a power purchase agreement with a company that installed solar panels at EO's Clubhouse. The agreement requires that EO purchase all of its solar energy generated from the solar panels from this company for a 15-year period, with options to renew in two-year extension periods at the end of the initial term. The company is responsible for maintenance and repairs on the solar panels. The agreement includes early termination penalties, which decrease over time and were approximately \$118,000 and \$134,000 at June 30, 2021 and 2020, respectively. Management does not intend to terminate this agreement.

EO earns Solar Renewable Energy Certificates (SREC) credits for solar energy produced, which are received from the Commonwealth of Massachusetts. During the year ended June 30, 2021 and 2020, EO earned \$15,596 and \$4,010, respectively, in SREC revenue which is included in other income on the accompanying consolidated statements of activities and changes in net assets.

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 13. EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution plan (the "Plan") under the terms of Section 401(k) of the IRC. Employees are eligible to participate at age 21 and the completion of six months of service. Employees may make tax deferred contributions to the Plan, subject to IRC limitations and the Organization will match up to 4% of an employee's salary deferral. The Organization may make discretionary profit sharing contributions to the Plan. Contributions to the Plan were \$9,093 and \$9,345 during the years ended June 30, 2021 and 2020, respectively.

NOTE 14. ECONOMIC DEPENDENCY

During the years ended June 30, 2021 and 2020, the Organization received approximately 55% and 51%, respectively, of its support and revenue from the Commonwealth of Massachusetts, Department of Mental Health ("DMH"). The Organization's programs are significantly dependent on its contracts and support with DMH.

NOTE 15. RELATED-PARTY TRANSACTIONS

During the normal course of business, the Organization may purchase supplies or services from companies associated with board members, or may provide social enterprise services to those companies.

During the year ended June 30, 2021, the board of directors of the Organization includes a resident of OP. This board member does not participate in votes or decisions related to OP and as of June 30, 2021 no longer sits on the board. Rental income from this board member was \$11,633 and \$13,284 for the years ended June 30, 2021 and 2020, respectively. This transaction is at arms-length.

NOTE 16. UNCERTAINTIES, CONTINGENCIES, AND RISKS

In March 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern." In accordance with state mandates regarding the closure of certain businesses, the Organization temporarily closed its facilities and moved its operations to a remote platform, including providing services and holding its annual fundraiser remotely. Upon reopening, the Organization operated under state COVID-19 guidelines, adhering to capacity limits, social distancing and enhanced sanitary protocols. Due to the uncertainty of the situation, long-term operational disruption and related financial impacts, if any, cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

ASSETS

	Employment Options, Inc.	Options Properties, Inc.	Consolidated		
			Subtotal	Eliminations	Total
Current assets:					
Cash and cash equivalents, including restricted cash	\$ 1,019,351	\$ 66,524	\$ 1,085,875	\$ -	\$ 1,085,875
Grants and contracts receivable	251,912	-	251,912	-	251,912
Related party receivable	136,288	-	136,288	(136,288)	-
Accounts receivable, net	-	4,187	4,187	-	4,187
Prepaid expenses and other current assets	<u>42,883</u>	<u>-</u>	<u>42,883</u>	<u>-</u>	<u>42,883</u>
Total current assets	1,450,434	70,711	1,521,145	(136,288)	1,384,857
Property and equipment, net	<u>1,020,504</u>	<u>618,743</u>	<u>1,639,247</u>	<u>(51,922)</u>	<u>1,587,325</u>
TOTAL ASSETS	<u>\$ 2,470,938</u>	<u>\$ 689,454</u>	<u>\$ 3,160,392</u>	<u>\$ (188,210)</u>	<u>\$ 2,972,182</u>

See independent auditor's report.

EMPLOYMENT OPTIONS, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021

LIABILITIES AND NET ASSETS

	Employment Options, Inc.	Options Properties, Inc.	Consolidated		
			Subtotal	Eliminations	Total
Current liabilities:					
Current portion of long-term debt	\$ 43,535	\$ -	\$ 43,535	\$ -	\$ 43,535
Accounts payable	20,768	5,192	25,960	-	25,960
Accrued expenses and other current liabilities	78,355	2,546	80,901	-	80,901
Related party payable	<u>-</u>	<u>136,288</u>	<u>136,288</u>	<u>(136,288)</u>	<u>-</u>
Total current liabilities	142,658	144,026	286,684	(136,288)	150,396
Long-term debt, net of current portion	<u>698,569</u>	<u>385,064</u>	<u>1,083,633</u>	<u>-</u>	<u>1,083,633</u>
Total liabilities	<u>841,227</u>	<u>529,090</u>	<u>1,370,317</u>	<u>(136,288)</u>	<u>1,234,029</u>
Net assets:					
Without donor restriction	1,539,876	(514,936)	1,024,940	(51,922)	973,018
With donor restriction	<u>89,835</u>	<u>675,300</u>	<u>765,135</u>	<u>-</u>	<u>765,135</u>
Total net assets	<u>1,629,711</u>	<u>160,364</u>	<u>1,790,075</u>	<u>(51,922)</u>	<u>1,738,153</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,470,938</u>	<u>\$ 689,454</u>	<u>\$ 3,160,392</u>	<u>\$ (188,210)</u>	<u>\$ 2,972,182</u>

See independent auditor's report.

EMPLOYMENT OPTIONS, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	Employment Options, Inc.			Options Properties, Inc.			Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Subtotal	Without Donor Restrictions	With Donor Restrictions	Subtotal	Subtotal	Eliminations	Total
Public support and other revenue:									
Public support:									
State contracts	\$ 1,204,975	\$ -	\$ 1,204,975	\$ -	\$ -	\$ -	\$ 1,204,975	\$ -	\$ 1,204,975
H.U.D. rental subsidy	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,332</u>	<u>-</u>	<u>56,332</u>	<u>56,332</u>	<u>-</u>	<u>56,332</u>
Total public support	<u>1,204,975</u>	<u>-</u>	<u>1,204,975</u>	<u>56,332</u>	<u>-</u>	<u>56,332</u>	<u>1,261,307</u>	<u>-</u>	<u>1,261,307</u>
Other revenue:									
Transportation	247,842	-	247,842	-	-	-	247,842	-	247,842
Grants and contributions	182,467	58,333	240,800	-	-	-	240,800	-	240,800
Social enterprises	67,127	-	67,127	-	-	-	67,127	-	67,127
Special events	63,976	-	63,976	-	-	-	63,976	-	63,976
Rental income	-	-	-	44,761	-	44,761	44,761	-	44,761
Other income	20,975	-	20,975	-	-	-	20,975	-	20,975
Donated goods and materials	8,400	-	8,400	-	-	-	8,400	-	8,400
Program services	4,078	-	4,078	-	-	-	4,078	(3,498)	580
Interest	258	-	258	19	-	19	277	-	277
Net assets released from donor restrictions	<u>41,600</u>	<u>(41,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other revenue	<u>636,723</u>	<u>16,733</u>	<u>653,456</u>	<u>44,780</u>	<u>-</u>	<u>44,780</u>	<u>698,236</u>	<u>(3,498)</u>	<u>694,738</u>
Total public support and other revenue	<u>1,841,698</u>	<u>16,733</u>	<u>1,858,431</u>	<u>101,112</u>	<u>-</u>	<u>101,112</u>	<u>1,959,543</u>	<u>(3,498)</u>	<u>1,956,045</u>
Expenses:									
Program	1,311,125	-	1,311,125	124,799	-	124,799	1,435,924	(1,516)	1,434,408
Supporting services	<u>527,363</u>	<u>-</u>	<u>527,363</u>	<u>17,635</u>	<u>-</u>	<u>17,635</u>	<u>544,998</u>	<u>(3,498)</u>	<u>541,500</u>
Total expenses	<u>1,838,488</u>	<u>-</u>	<u>1,838,488</u>	<u>142,434</u>	<u>-</u>	<u>142,434</u>	<u>1,980,922</u>	<u>(5,014)</u>	<u>1,975,908</u>
Change in net assets	<u>3,210</u>	<u>16,733</u>	<u>19,943</u>	<u>(41,322)</u>	<u>-</u>	<u>(41,322)</u>	<u>(21,379)</u>	<u>1,516</u>	<u>(19,863)</u>
Net assets - beginning of year	<u>1,536,666</u>	<u>73,102</u>	<u>1,609,768</u>	<u>(473,614)</u>	<u>675,300</u>	<u>201,686</u>	<u>1,811,454</u>	<u>(53,438)</u>	<u>1,758,016</u>
NET ASSETS (DEFICIT)- END OF YEAR	<u>\$ 1,539,876</u>	<u>\$ 89,835</u>	<u>\$ 1,629,711</u>	<u>\$ (514,936)</u>	<u>\$ 675,300</u>	<u>\$ 160,364</u>	<u>\$ 1,790,075</u>	<u>\$ (51,922)</u>	<u>\$ 1,738,153</u>

See independent auditor's report.

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through, Grantor/Programs or Cluster Titles	Federal CFDA Number	Pass-Through Entity Identity Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Direct programs:			
Section 8 Project-Based Cluster:			
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	N/A	\$ <u>56,332</u>
Total cluster programs			<u>56,332</u>
Supportive Housing for Persons with Disabilities	14.181	N/A	675,300
Total U.S. Department of Housing and Urban Development			<u>731,632</u>
U.S. Department of Education:			
Pass-through programs from:			
Massachusetts Rehabilitation Commission Rehabilitation Services, Vocational Rehabilitation Grants to States	84.126	0MRC00CIESNORTH	<u>15,337</u>
U.S. Small Business Administration:			
Direct:			
COVID-19 - Disaster Assistance Loans	59.008	N/A	<u>150,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>896,969</u>

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal assistance activity of Employment Options, Inc. and Affiliate (the "Organization") under programs of the federal government for the year ended June 30, 2021. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Organization elected to use the 10% de minimis cost rate for its Federal programs.

4. Loans

Included in Supportive Housing for Persons with Disabilities is the cumulative amount of capital advances received from the U.S. Department of Housing and Urban Development ("HUD"). HUD requires the Organization to comply with requirements identified in the regulatory agreements with the Organization for forty years under the Capital Advance Program.

Included in Disaster Assistance Loans is the total amount of the Economic Injury Disaster Loan ("EIDL") received from the Small Business Administration ("SBA").

The balances of loans outstanding with continuing compliance requirements under federal loan guarantee programs include those amounts received from HUD. The balances of new loans issued and outstanding include amounts received from the SBA. The balances of these loans at June 30, 2021 are as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
U.S. Department of Housing and Urban Development:		
Supportive Housing for Persons with Disabilities	14.181	\$ 675,300
U.S. Small Business Administration:		
COVID-19 - Disaster Assistance Loans	59.008	<u>150,000</u>
		<u>\$ 825,300</u>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Employment Options, Inc. and Affiliate
Marlborough, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited Employment Options, Inc. and Affiliate's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Employment Options, Inc. and Affiliate's major federal program for the year ended June 30, 2021. Employment Options, Inc. and Affiliate's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of Employment Options, Inc. and Affiliate's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Employment Options, Inc. and Affiliate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Employment Options, Inc. and Affiliate's compliance.

Opinion on Each Major Federal Program

In our opinion, Employment Options, Inc. and Affiliate's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.



Report on Internal Control over Compliance

Management of Employment Options, Inc. and Affiliate is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Employment Options, Inc. and Affiliate's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Employment Options, Inc. and Affiliate's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


CITRIN COOPERMAN & COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
November 15, 2021

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

To the Board of Directors
Employment Options, Inc. and Affiliate
Marlborough, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Employment Options, Inc. and Affiliate (the "Organization") (a not-for-profit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 15, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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



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Compliance and Other Matters

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

Purpose of this Report

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


CITRINCOOPERMAN COMPANY, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts
November 15, 2021

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identifies that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to consolidated financial statements noted? | No |

Federal Awards

- | | |
|--|---------------|
| 4. Internal control over major program:
Material weakness(es) identified? | No |
| a. Significant deficiency(ies) identifies that are not considered to be material weaknesses? | None reported |
| 5. Type of auditor's report issued on compliance for major programs | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) | No |
| 7. Identification of major programs: | |

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Supportive Housing for Persons with Disabilities	14.181

- | | |
|--|-----------|
| 8. Dollar threshold used to distinguish between Type A programs and Type B programs: | \$750,000 |
| 9. Auditee qualifies as a low risk auditee? | No |

**EMPLOYMENT OPTIONS, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

B. FINANCIAL STATEMENT FINDINGS

None reported.

C. MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

None reported.