

**HOUSING OPTIONS PROVIDED FOR
THE ELDERLY, INC.**

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2023

HOUSING OPTIONS PROVIDED FOR THE ELDERLY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Housing Options Provided for the Elderly, Inc.

Opinion

We have audited the accompanying financial statements of Housing Options Provided for the Elderly, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Housing Options Provided for the Elderly, Inc. as of March 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Housing Options Provided for the Elderly, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Housing Options Provided for the Elderly, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Fick, Eggemeyer & Williamson

Fick, Eggemeyer & Williamson, CPAs
Saint Louis, Missouri
September 25, 2023

HOUSING OPTIONS PROVIDED FOR THE ELDERLY, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	79,460
Grants receivable		191,630
Prepaid expenses		3,434

Total current assets		<u>274,524</u>
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NONCURRENT ASSETS

Lease deposits		885
Property and equipment, net of accumulated depreciation		944

Total noncurrent assets		<u>1,829</u>
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Total assets	\$	<u><u>276,353</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Credit card payable	\$	6,872
Notes payable from related parties		70,000
Accrued expenses		61,496

Total current liabilities		<u>138,368</u>
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NONCURRENT LIABILITIES

None		<u>-</u>
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Total noncurrent liabilities		<u>-</u>
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Total liabilities		<u>138,368</u>
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NET ASSETS

Without donor restriction		137,985
With donor restriction		-

Total net assets		<u>137,985</u>
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Total liabilities and net assets	\$	<u><u>276,353</u></u>
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See accompanying notes and independent auditors' report

HOUSING OPTIONS PROVIDED FOR THE ELDERLY, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

	Without Donor restriction	With Donor restriction	Total
SUPPORT AND REVENUE			
Contributions	\$ 7,757	\$ -	\$ 7,757
Grants	537,385	-	537,385
HECM fees	241,755	-	241,755
Total support and revenue	786,897	-	786,897
Net assets released from restrictions			
Satisfaction of restrictions	-	-	-
Total	786,897	-	786,897
EXPENSES			
Programs			
Case management and consulting	336,166	-	336,166
HECM counseling	429,254	-	429,254
Total program expenses	765,420	-	765,420
Supporting expenses			
General and administrative	21,223	-	21,223
Fundraising	1,072	-	1,072
Total supporting expenses	22,295	-	22,295
Total expenses	787,715	-	787,715
Changes in net assets from operations	(818)	-	(818)
INVESTMENT ACTIVITIES			
Interest income	3	-	3
Total investment activities	3	-	3
Changes in net assets	(815)	-	(815)
Net assets - beginning of year	138,800	-	138,800
Net assets - end of year	\$ 137,985	\$ -	\$ 137,985

See accompanying notes and independent auditors' report

HOUSING OPTIONS PROVIDED FOR THE ELDERLY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

	Programs		General and Administrative	Fundraising	Total
	Case Management and Consulting	HECM Counseling			
Salaries and wages	\$ 123,714	\$ 36,119	\$ 10,573	\$ 881	\$ 171,287
Payroll taxes	9,703	2,833	829	70	13,435
Benefits	5,629	1,643	481	40	7,793
Subcontractors	27,148	351,625	-	-	378,773
Subrecipients	-	11,998	-	-	11,998
Cash assistance	153,764	-	-	-	153,764
Insurance	1,506	2,196	60	5	3,767
Professional fees	469	1,205	8,003	3	9,680
Advertising	827	414	-	-	1,241
Office	678	1,981	23	2	2,684
Telecommunications	1,401	3,811	98	8	5,318
Bank fees	-	4,652	168	-	4,820
Postage	60	3,784	79	7	3,930
Occupancy	9,288	3,295	641	53	13,277
Depreciation	353	103	30	2	488
Dues and subscriptions	588	1,561	16	1	2,166
Other	1,038	2,034	222	-	3,294
Total expenses	<u>\$ 336,166</u>	<u>\$ 429,254</u>	<u>\$ 21,223</u>	<u>\$ 1,072</u>	<u>\$ 787,715</u>

See accompanying notes and independent auditors' report

HOUSING OPTIONS PROVIDED FOR THE ELDERLY, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED MARCH 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ (815)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation	488
Changes in assets and liabilities:	
(Increase) decrease in grants receivable	(150,551)
(Increase) decrease in prepaid expenses	(1,573)
Increase (decrease) in credit card payable	2,042
Increase (decrease) in accrued expenses	<u>16,648</u>
Net cash provided by (used in) operating activities	<u>(133,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
None	<u>-</u>
Net cash provided by (used in) investing activities	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from related party note payable	<u>70,000</u>
Net cash provided by (used in) financing activities	<u>70,000</u>
Net increase (decrease) in cash and cash equivalents	(63,761)
Cash and cash equivalents - beginning of year	<u>143,221</u>
Cash and cash equivalents - end of year	<u><u>\$ 79,460</u></u>

HOUSING OPTIONS PROVIDED FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Housing Options Provided for the Elderly, Inc. (the "Organization") is a nonprofit organization designed to help older adults and persons with disabilities live with dignity and independence in the housing most appropriate to their circumstances. Services include case management, cash assistance, and consulting in the areas of housing, finances, benefits education, reverse mortgages, and other areas for older adults and caregivers. The Organization operates primarily in the City of St. Louis and St. Louis County, with reverse mortgage counseling (HECM counseling) assistance being provided nationwide.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis in accordance with auditing standards generally accepted in the United States of America. The significant accounting policies followed are described as follows to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. The Organization presently has no net assets with donor restrictions.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated assets, at their estimated fair market value on the date of donation. The cost of property and equipment purchased in excess of \$500 is capitalized. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Currently, assets are depreciated over useful lives of five years. Expenditures for repairs and maintenance are charged to operating expenses as incurred. Depreciation expense for the fiscal year ended March 31, 2023 was \$488.

HOUSING OPTIONS PROVIDED FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable represent amounts due to the Organization that have not been collected. Based upon management's estimated collections, a provision for doubtful accounts has not been established as management considers all grants to be collectible.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction, depending on the nature of the restriction, is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Services

Several volunteers contribute services to the Organization. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's program services and support services. Nonoperating activities are limited to resources that generate a return on investment and other activities considered to be of a more unusual or nonrecurring nature.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

The Organization uses advertising to promote its services among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the fiscal year ended March 31, 2023 was \$1,241.

HOUSING OPTIONS PROVIDED FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Organization adopted the provisions of Accounting for Uncertainty in Income Taxes on January 1, 2012. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of March 31, 2023, no amounts have been recognized for uncertain tax positions. The Organization's tax returns for tax year 2019 and prior are now closed.

Compensated Absences

Full-time employees of the Organization are entitled to paid vacations and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying statement of financial position. The Organization's policy is to recognize the costs of compensated absences when actually paid.

Revenue from Contracts with Customers

The Organization recognizes revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

New Accounting Pronouncement

During fiscal 2023, the Organization adopted ASU 2016-02 *Leases (Topic 842)*, which superceded existing guidance for accounting for leases under *Topic 840, Leases*. The adoption of the guidance requires the recognition of the remaining value of operating leases as assets and liabilities on the statement of financial position as right of use assets and future minimum lease obligations, respectively. The Organization does not have material leases presently.

NOTE 2 - GRANTS RECEIVABLE

A summary of grants receivable for the fiscal year ended March 31, 2023 follows:

U.S. Department of Housing and Urban Development	\$	152,382
Area Resources for Community and Human Services		37,808
St. Louis Area Agency on Aging		1,440
Total grants receivable	\$	<u>191,630</u>

HOUSING OPTIONS PROVIDED FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 3 - EMPLOYEE BENEFIT PLAN

The Organization offers a Simplified Employee Pension (SEP) Plan to employees who meet certain eligibility requirements. Under the plan, the Organization contributes five percent of the eligible employee's salary. Employer contributions for the fiscal year ended March 31, 2023 were \$7,793.

NOTE 4 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between fundraising, administration, or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

NOTE 5 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at March 31, 2023:

Financial assets at fiscal year-end	
Cash and cash equivalents	\$ 79,460
Grants receivable	191,630
Total financial assets at year-end	271,090
Less amounts not available for general expenditures within one year:	
Net assets with period restrictions in excess of one year	-
Net assets with purpose restrictions	-
Total amounts not available to meet general expenditures within one year	-
Financial assets available to meet general expenditures within one year	\$ 271,090

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of property and equipment for the fiscal year ended March 31, 2023 follows:

Property and equipment	\$ 7,792
Accumulated depreciation	(6,848)
Total property and equipment, net	\$ 944

HOUSING OPTIONS PROVIDED FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 7 - CONCENTRATION OF CREDIT RISK

As of March 31, 2023, the Organization had cash deposits at Regions Bank with a bank balance totaling \$89,108. The cash balance was not in excess of the federally insured limit of \$250,000 per depositor.

NOTE 8 - REVENUE RECOGNITION UNDER ASU 2014-09

Contracts with Customers

The Organization recognized \$241,755 of revenue from contracts with customers during the fiscal year 2023. No impairment losses were recognized on receivables or contract assets.

Disaggregated Revenue

Home equity conversion mortgage (HECM) fee revenue is recognized at a point in time when the service is provided or, in the case of low-income clients, when they receive the loan. The Organization provides counseling needed to apply for a reverse mortgage. Due to the nature of the Organization's revenue, economic factors do not materially affect the nature, timing, and uncertainty of revenues or cash flows.

Contract Balances

As of March 31, 2023 and 2022, the ending contract-type balances were both \$0.

Performance Obligations

Contract performance for counseling obligations is satisfied at the time of counseling or when low-income clients receive the loan.

The Organization does not charge interest on accounts receivable and has no formal obligation for refunds.

Significant Judgments

There were no significant judgments used for the recognition of revenue for the fiscal year 2023. There were no changes in recognition methodology. Also, during the fiscal year 2023, there were no changes in the judgments utilized for determining the timing of the satisfaction of performance obligations or transaction prices allocated to performance obligations.

There have been no allocations of transaction prices, including estimates of standalone selling prices of goods or services promised, or allocation of discounts and variable consideration to a particular part of a contract.

Practical Expedients Used for Financing Components

There is no financing component to the Organization's recognition of revenue.

HOUSING OPTIONS PROVIDED FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023

NOTE 9 - NOTES PAYABLE

The Organization has entered into the following related party loans:

- A. On February 3, 2023, the Organization entered into a note payable with Buz Zeman, the director of the Organization, for \$40,000. The purpose of the loan was to hire new employees to help with a new grant until the funds were disbursed. The loan is described as a 0% interest promissory note, payable December 31, 2023, contingent on available funds. The balance as of March 31, 2023 was \$40,000.
- B. On March 22, 2023, the Organization entered into a note payable with Buz Zeman, the director of the Organization, for \$30,000. The purpose of the loan was to hire new employees to help with a new grant until the funds were disbursed. The loan is described as a 0% interest promissory note, payable December 31, 2023, contingent on available funds. The balance as of March 31, 2023 was \$40,000.

Future maturities of notes payable are as follows:

Fiscal year ending March 31,		
2024	\$	70,000
Total	\$	<u>70,000</u>

NOTE 10 - RELATED PARTY TRANSACTIONS

The executive director of the Organization loaned the Organization \$70,000 to hire new employees to review cases and distribute funds for the ARCHS Grant. No repayments were made as of March 31, 2023.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 25, 2023, the date on which the financial statements were available to be issued, and noted one reportable event. The Organization's lease for office space with Union Corporate Reality was renewed subsequent to year end.