

**OPTIONS, INC. AND AFFILIATES
(A NONPROFIT ORGANIZATION)**

COMBINED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

OPTIONS, INC. AND AFFILIATES

TABLE OF CONTENTS

JUNE 30, 2023 AND 2022

| | <u>Page #</u> |
|---|---------------|
| INDEPENDENT AUDITORS' REPORT | 1-3 |
| FINANCIAL STATEMENTS | |
| Combined Statements of Financial Position | 4 |
| Combined Statements of Activities | 5-6 |
| Combined Statements of Functional Expenses | 7-8 |
| Combined Statements of Cash Flows | 9 |
| Combined Notes to Financial Statements | 10-25 |
| SUPPLEMENTARY INFORMATION | |
| Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer | 26 |
| Combining Statement of Financial Position | 27-28 |
| Combining Statement of Activities | 29 |
| SPECIAL REPORTS OF INDEPENDENT AUDITORS | |
| Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 30-31 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 32-34 |
| Schedule of Expenditures of Federal Awards | 35 |
| Notes to Schedule of Expenditures of Federal Awards | 36 |
| Schedule of Findings and Questioned Costs | 37-38 |
| REPORTS BY MANAGEMENT | |
| Schedule of Prior Year Findings | 39 |
| STATEWIDE AGREED-UPON PROCEDURES | |
| Independent Accountants' Report on Applying Agreed-Upon Procedures | 40-51 |



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Options, Inc. and Affiliates
Hammond, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Options, Inc. (a nonprofit organization), and its Affiliates which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Options, Inc. and its Affiliates as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Options, Inc. and its Affiliates 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 Options, Inc. and its Affiliates' 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Options, Inc. and Affiliates' 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 Options, Inc. and Affiliates' ability to continue as a going concern for a reasonable time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to the Chief Executive Officer on page 26 and the Schedule of Expenditures of Federal Awards on page 35, 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 presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023, on our consideration of Options, Inc. and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Options, Inc. and Affiliates' 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 Options, Inc. and Affiliates' internal control over financial reporting and compliance.



Metairie, Louisiana
December 29, 2023

OPTIONS, INC. AND AFFILIATES

**COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

| | 2023 | 2022 |
|--|--------------|--------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 2,615,943 | \$ 1,873,689 |
| Restricted cash and cash equivalents | 185,860 | 166,359 |
| Accounts receivable | | |
| Government contracts | 481,823 | 397,161 |
| Other | 22,264 | 33,325 |
| Unconditional promises to give | 526,638 | 456,480 |
| Inventory | 4,173 | 4,173 |
| Investments | 1,598,281 | 1,601,982 |
| Investments—certificates of deposit | 83,859 | 83,859 |
| Prepaid expenses | 19,638 | 23,603 |
| Total current assets | \$ 5,538,479 | \$ 4,640,631 |
| LAND, PROPERTY AND EQUIPMENT | \$ 5,834,895 | \$ 5,537,857 |
| Less accumulated depreciation and amortization | (3,024,179) | (2,773,423) |
| Total land, property and equipment | \$ 2,810,716 | \$ 2,764,434 |
| OTHER ASSETS | | |
| Unconditional promises to give, less allowance for doubtful accounts | \$ 588,134 | \$ 568,198 |
| Investments—restricted | 13,526 | 13,526 |
| Total other assets | \$ 601,660 | \$ 581,724 |
| Total assets | \$ 8,950,855 | \$ 7,986,789 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 96,425 | \$ 143,167 |
| Trust held for others | 114,723 | 102,966 |
| Other payables | 5,055 | 6,256 |
| Accrued salaries, leave and payroll taxes | 383,170 | 378,711 |
| Total current liabilities | \$ 599,373 | \$ 631,100 |
| LONG TERM LIABILITIES | | |
| Tenants' security deposits | \$ 2,032 | \$ 1,932 |
| Total long term liabilities | \$ 2,032 | \$ 1,932 |
| Total liabilities | \$ 601,405 | \$ 633,032 |
| NET ASSETS | | |
| Without donor restrictions | | |
| Undesignated | \$ 7,220,152 | \$ 6,192,053 |
| Designated | - | - |
| With donor restrictions | 1,129,298 | 1,161,704 |
| Total net assets | \$ 8,349,450 | \$ 7,353,757 |
| Total liabilities and net assets | \$ 8,950,855 | \$ 7,986,789 |

See Notes to Financial Statements.

OPTIONS, INC. AND AFFILIATES
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---------------------------------------|------------------------------------|---------------------|
| REVENUES, GAINS AND OTHER SUPPORT | | | |
| Medicaid | \$ 6,333,382 | \$ - | \$ 6,333,382 |
| Grants and contracts: | | | |
| Federal | 332,356 | - | 332,356 |
| State | 479,449 | - | 479,449 |
| Contributions | 210,395 | 121,000 | 331,395 |
| Fund-raising income | 588,821 | 90,094 | 678,915 |
| Private pay client revenue | 72,003 | - | 72,003 |
| Vocational rehabilitation | 8,250 | - | 8,250 |
| Vocational contracts | \$ 640,702 | | |
| Less: cost of services | <u>(319,122)</u> | | |
| Vocational contracts gross profit | 321,580 | - | 321,580 |
| Rental revenue | 18,161 | - | 18,161 |
| Management and maintenance fee | 6,760 | - | 6,760 |
| Investment loss | (12,893) | - | (12,893) |
| Gain on sale of assets | (14,654) | - | (14,654) |
| Other income | 24,482 | - | 24,482 |
| Employee retention credit and interest | 1,078,065 | - | 1,078,065 |
| Net assets released from restrictions | | | |
| Expiration of use restriction | 123,500 | (123,500) | - |
| Expiration of time restriction | 120,000 | (120,000) | - |
| Total revenues, gains, and other support | <u>\$ 9,689,657</u> | <u>\$ (32,406)</u> | <u>\$ 9,657,251</u> |
| EXPENSES | | | |
| Program services | | | |
| Residential services | \$ 2,284,632 | \$ - | \$ 2,284,632 |
| Vocational services | 2,165,338 | - | 2,165,338 |
| Individualized services | 3,648,983 | - | 3,648,983 |
| Housing services | 56,677 | - | 56,677 |
| Support Services | | | |
| Management and general | 335,165 | - | 335,165 |
| Fund-raising | 170,763 | - | 170,763 |
| Total expenses | <u>\$ 8,661,558</u> | <u>\$ -</u> | <u>\$ 8,661,558</u> |
| Change in net assets | \$ 1,028,099 | \$ (32,406) | \$ 995,693 |
| Net assets at beginning of year | 6,192,053 | 1,161,704 | 7,353,757 |
| Net assets at end of year | <u>\$ 7,220,152</u> | <u>\$ 1,129,298</u> | <u>\$ 8,349,450</u> |

See Notes to Financial Statements.

OPTIONS, INC. AND AFFILIATES

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|---------------------|
| REVENUES, GAINS AND OTHER SUPPORT | | | |
| Medicaid | \$ 5,799,380 | \$ - | \$ 5,799,380 |
| Grants and contracts: | | | |
| Federal | 932,985 | - | 932,985 |
| State | 398,690 | - | 398,690 |
| Contributions | 351,451 | 243,500 | 594,951 |
| Fund-raising income | 504,289 | - | 504,289 |
| Private pay clients | 47,396 | - | 47,396 |
| Vocational rehabilitation | 3,750 | - | 3,750 |
| Vocational contracts | \$ 545,998 | | |
| Less: Cost of services | <u>(315,432)</u> | | |
| Vocational contracts gross profit | 230,566 | - | 230,566 |
| Rental revenue | 11,128 | - | 11,128 |
| Management and maintenance fee | 7,379 | - | 7,379 |
| Investment loss | (126,914) | - | (126,914) |
| Gain on sale of asset | 21,007 | - | 21,007 |
| Other income | 16,968 | - | 16,968 |
| Gain from PPP loan extinguishment | 1,266,170 | - | 1,266,170 |
| Net assets released from restrictions | | | |
| Expiration of time restriction | 120,683 | (120,683) | - |
| Total revenues, gains, and other support | <u>\$ 9,584,928</u> | <u>\$ 122,817</u> | <u>\$ 9,707,745</u> |
| EXPENSES | | | |
| Program services | | | |
| Residential services | \$ 2,295,071 | \$ - | \$ 2,295,071 |
| Vocational services | 2,025,365 | - | 2,025,365 |
| Individualized services | 3,752,587 | - | 3,752,587 |
| Housing services | 65,970 | - | 65,970 |
| Support services | | | |
| Management and general | 237,680 | - | 237,680 |
| Fund-raising | 176,153 | - | 176,153 |
| Total expenses | <u>\$ 8,552,826</u> | <u>\$ -</u> | <u>\$ 8,552,826</u> |
| Change in net assets | \$ 1,032,102 | \$ 122,817 | \$ 1,154,919 |
| Net assets at beginning of year | 5,159,951 | 1,038,887 | 6,198,838 |
| Net assets at end of year | <u>\$ 6,192,053</u> | <u>\$ 1,161,704</u> | <u>\$ 7,353,757</u> |

See Notes to Financial Statements.

OPTIONS, INC. AND AFFILIATES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

| | Program Services | |
|---|-------------------------|------------------------|
| | Residential Services | Vocational Services |
| Salaries and related expenses: | | |
| Salaries | \$ 1,314,771 | \$ 1,247,557 |
| Employee benefits & taxes | 125,424 | 175,458 |
| Workers' compensation | 19,706 | 19,689 |
| | <u>\$ 1,459,901</u> | <u>\$ 1,442,704</u> |
| Advertising | \$ - | \$ 100 |
| Bank fees | 370 | 4,398 |
| Cost of sales | - | 317,359 |
| Uncollectible pledges | - | - |
| Bed tax | 123,208 | - |
| Crisis intervention | - | - |
| Depreciation | 49,449 | 160,693 |
| Dues, licenses, and subscriptions | 6,360 | 5,526 |
| Employee compliance | 3,858 | - |
| Food and supplies | 83,455 | 4,001 |
| Fund raising | - | - |
| Housekeeping supplies | 13,496 | 1,941 |
| Insurance | | |
| Liability | 31,517 | 36,294 |
| Motor vehicle | 31,705 | 121,687 |
| Other property | 31,440 | 28,453 |
| Management and maintenance fee | - | - |
| Medical consultants | 42,353 | - |
| Medical supplies | 36,528 | 3,859 |
| Meeting expense | 85 | - |
| Miscellaneous | 21,511 | 26,622 |
| Motor vehicle expenses | 5,766 | 163,096 |
| Non capital equipment | 20,432 | 10,165 |
| Office supplies | 4,404 | 5,983 |
| Other resident expenses | 12,147 | 6,039 |
| Other supplies | - | - |
| Postage | 801 | 863 |
| Professional services | 185,753 | 49,569 |
| Rent | - | 24,531 |
| Repairs and maintenance | 46,607 | 16,736 |
| Telephone | 25,053 | 18,186 |
| Travel and transportation | 3,764 | 7,137 |
| Seminars and training | 234 | - |
| Utilities | 44,435 | 26,755 |
| | <u>\$ 824,731</u> | <u>\$ 1,039,993</u> |
| Less expenses (cost) deducted from revenues on statement of activities | - | (317,359) |
| Total expenses, net of cost of sales | <u>\$ 2,284,632</u> | <u>\$ 2,165,338</u> |

See Notes to Financial Statements.

| Program Services | | Supporting Services | | | Total |
|-------------------------|------------------|------------------------|-------------------|---------------------|-------|
| Individualized Services | Housing Services | Management and General | Fund-raising | | |
| \$ 2,973,122 | \$ - | \$ 93,317 | \$ 109,225 | \$ 5,737,992 | |
| 342,004 | - | 15,314 | 14,644 | 672,844 | |
| 29,121 | - | (689) | 163 | 67,990 | |
| <u>\$ 3,344,247</u> | <u>\$ -</u> | <u>\$ 107,942</u> | <u>\$ 124,032</u> | <u>\$ 6,478,826</u> | |
| \$ - | \$ - | \$ 7,224 | \$ - | \$ 7,324 | |
| 396 | - | 16,407 | - | 21,571 | |
| - | - | 1,763 | - | 319,122 | |
| - | - | 6,109 | - | 6,109 | |
| - | - | - | - | 123,208 | |
| - | - | 136,328 | - | 136,328 | |
| 18,252 | 24,459 | 8,356 | - | 261,209 | |
| 24,813 | - | 12,616 | - | 49,315 | |
| 9,811 | - | 503 | - | 14,172 | |
| 1,793 | - | 1,309 | - | 90,558 | |
| - | - | - | 46,731 | 46,731 | |
| 66 | - | 7 | - | 15,510 | |
| 33,917 | - | 3,744 | - | 105,472 | |
| - | - | - | - | 153,392 | |
| 6,818 | 8,707 | (4,430) | - | 70,988 | |
| - | 5,252 | - | - | 5,252 | |
| - | - | 200 | - | 42,553 | |
| 1,206 | - | 597 | - | 42,190 | |
| - | - | - | - | 85 | |
| 26,281 | 1,578 | 4,342 | - | 80,334 | |
| - | - | 54 | - | 168,916 | |
| 15,132 | - | 5,250 | - | 50,979 | |
| 4,482 | - | 6,173 | - | 21,042 | |
| 1,195 | - | 3,143 | - | 22,524 | |
| - | 30 | - | - | 30 | |
| 1,264 | - | 3,942 | - | 6,870 | |
| 54,220 | 1,600 | 6,545 | - | 297,687 | |
| - | - | - | - | 24,531 | |
| 11,717 | 10,169 | 1,514 | - | 86,743 | |
| 18,812 | 606 | 2,193 | - | 64,850 | |
| 48,232 | - | 2,577 | - | 61,710 | |
| 8,219 | - | 208 | - | 8,661 | |
| 18,110 | 4,276 | 2,312 | - | 95,888 | |
| <u>\$ 304,736</u> | <u>\$ 56,677</u> | <u>\$ 228,986</u> | <u>\$ 46,731</u> | <u>\$ 2,501,854</u> | |
| - | - | (1,763) | - | (319,122) | |
| <u>\$ 3,648,983</u> | <u>\$ 56,677</u> | <u>\$ 335,165</u> | <u>\$ 170,763</u> | <u>\$ 8,661,558</u> | |

OPTIONS, INC. AND AFFILIATES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

| | Program Services | |
|--|----------------------|---------------------|
| | Residential Services | Vocational Services |
| Salaries and related expenses: | | |
| Salaries | \$ 1,464,225 | \$ 1,143,744 |
| Employee benefits & taxes | 138,709 | 176,277 |
| Workers' compensation | 42,748 | 34,586 |
| | <u>\$ 1,645,682</u> | <u>\$ 1,354,607</u> |
| Advertising | \$ - | 52 |
| Bank fees | 206 | 2,344 |
| Cost of sales | - | 315,432 |
| Uncollectible pledges | - | - |
| Bed tax | 136,419 | - |
| Crisis intervention | - | - |
| Depreciation | 40,694 | 162,763 |
| Dues, licenses, and subscriptions | 6,588 | 8,045 |
| Employee compliance | 4,382 | - |
| Food and supplies | 69,747 | 2,622 |
| Fund raising | - | - |
| Housekeeping supplies | 12,975 | 1,698 |
| Insurance | | |
| Liability | 33,413 | 36,102 |
| Motor vehicle | 21,057 | 117,789 |
| Other property | 29,146 | 24,486 |
| Management and maintenance fee | - | - |
| Medical consultants | 39,461 | - |
| Medical supplies | 28,811 | 1,670 |
| Meeting expense | 15 | 14 |
| Miscellaneous | 16,876 | 11,783 |
| Motor vehicle expenses | 8,066 | 146,382 |
| Non capital equipment | 14,608 | 11,955 |
| Office supplies | 2,831 | 4,341 |
| Other resident expenses | 13,050 | 6,366 |
| Other supplies | - | 2,220 |
| Postage | 1,002 | 923 |
| Professional services | 54,887 | 38,759 |
| Rent | 175 | 22,321 |
| Repairs and maintenance | 43,552 | 21,171 |
| Telephone | 23,228 | 19,217 |
| Travel and transportation | 4,549 | 3,580 |
| Seminars and training | 179 | - |
| Utilities | 43,472 | 24,155 |
| | <u>\$ 649,389</u> | <u>\$ 986,190</u> |
| Less expenses (cost) deducted from revenues on statement of activities | - | (315,432) |
| Total expenses, net of cost of sales | <u>\$ 2,295,071</u> | <u>\$ 2,025,365</u> |

See Notes to Financial Statements.

| Program Services | | Supporting Services | | Total |
|-------------------------|------------------|------------------------|-------------------|---------------------|
| Individualized Services | Housing Services | Management and General | Fund-raising | |
| \$ 3,042,312 | \$ - | \$ 53,758 | \$ 111,250 | \$ 5,815,289 |
| 353,589 | - | 6,034 | 17,098 | 691,707 |
| 64,132 | - | 544 | 211 | 142,221 |
| <u>\$ 3,460,033</u> | <u>\$ -</u> | <u>\$ 60,336</u> | <u>\$ 128,559</u> | <u>\$ 6,649,217</u> |
| \$ - | \$ - | 13,891 | \$ - | \$ 13,943 |
| - | - | 13,022 | - | 15,572 |
| - | - | - | - | 315,432 |
| - | - | 10,544 | - | 10,544 |
| - | - | - | - | 136,419 |
| - | - | 91,025 | - | 91,025 |
| 18,473 | 24,459 | 6,085 | - | 252,474 |
| 27,161 | - | 4,628 | - | 46,422 |
| 11,609 | - | 302 | - | 16,293 |
| 1,604 | - | 438 | - | 74,411 |
| - | - | - | 47,594 | 47,594 |
| 267 | - | 6 | - | 14,946 |
| 38,839 | - | 394 | - | 108,748 |
| - | - | - | - | 138,846 |
| 4,385 | 8,322 | 1,052 | - | 67,391 |
| - | 5,252 | - | - | 5,252 |
| - | - | - | - | 39,461 |
| 2,821 | - | - | - | 33,302 |
| 25 | - | - | - | 54 |
| 23,154 | 1,727 | 431 | - | 53,971 |
| - | - | - | - | 154,448 |
| 17,508 | - | 7,297 | - | 51,368 |
| 3,463 | - | 2,726 | - | 13,361 |
| 400 | - | - | - | 19,816 |
| - | - | 4,079 | - | 6,299 |
| 1,652 | - | 3,556 | - | 7,133 |
| 46,877 | 7,009 | 491 | - | 148,023 |
| 292 | - | - | - | 22,788 |
| 13,478 | 14,502 | 568 | - | 93,271 |
| 17,151 | 661 | 860 | - | 61,117 |
| 38,557 | - | 1,518 | - | 48,204 |
| 4,733 | - | 14,431 | - | 19,343 |
| 20,105 | 4,038 | - | - | 91,770 |
| <u>\$ 292,554</u> | <u>\$ 65,970</u> | <u>\$ 177,344</u> | <u>\$ 47,594</u> | <u>\$ 2,219,041</u> |
| - | - | - | - | (315,432) |
| <u>\$ 3,752,587</u> | <u>\$ 65,970</u> | <u>\$ 237,680</u> | <u>\$ 176,153</u> | <u>\$ 8,552,826</u> |

OPTIONS, INC. AND AFFILIATES

COMBINED STATEMENTS OF CASH FLOWS
JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 995,693 | \$ 1,154,919 |
| Forgiveness of Paycheck Protection Program loan | - | (1,266,170) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 261,209 | 252,474 |
| (Gain) loss on sale of assets | 14,654 | (21,007) |
| Unrealized (gain) loss on investments | 14,122 | 127,931 |
| (Increase) decrease in operating assets: | | |
| Accounts receivable | (73,601) | (54,567) |
| Promises to give | (90,694) | (119,317) |
| Prepaid expenses | 3,965 | 23,274 |
| Inventory | - | 4,121 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | (46,742) | 30,819 |
| Trust held for others | 11,757 | 20,597 |
| Other payables | (1,201) | (3,990) |
| Accrued salaries and payroll taxes | 4,459 | (20,846) |
| Tenants' security deposits | 100 | (211) |
| Net cash provided by operating activities | <u>\$ 1,094,321</u> | <u>\$ 128,027</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of investments | \$ 26,066 | \$ (661) |
| Redemption of certificate of deposit | 83,859 | 84,886 |
| Purchases of certificate of deposit | (83,859) | (83,859) |
| Proceeds from the sale of assets | - | 30,721 |
| Purchases of property and equipment | (358,632) | (160,993) |
| Net cash used in investment activities | <u>\$ (332,566)</u> | <u>\$ (129,906)</u> |
| Net increase (decrease) in cash, cash equivalents and restricted cash | \$ 761,755 | \$ (1,879) |
| Beginning cash, cash equivalents and restricted cash | <u>2,040,048</u> | <u>2,041,927</u> |
| Ending cash, cash equivalents and restricted cash | <u>\$ 2,801,803</u> | <u>\$ 2,040,048</u> |
| Cash, cash equivalents and restricted cash as of June 30, 2023 and 2022 consist of the following: | | |
| Cash and cash equivalents | \$ 2,615,943 | \$ 1,873,689 |
| Cash restricted for: | | |
| Cash restricted for trust | \$ 116,286 | \$ 103,328 |
| Tenants' security deposits | 2,033 | 1,933 |
| Cash restricted for reserves | 22,796 | 20,214 |
| Cash restricted for residual receipts | 44,745 | 40,884 |
| | <u>\$ 185,860</u> | <u>\$ 166,359</u> |
| Total cash, cash equivalents and restricted cash | <u>\$ 2,801,803</u> | <u>\$ 2,040,048</u> |

See Notes to Financial Statements.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Options, Inc. is a local, 501(c)(3) non-profit organization that was established in 1973, by parents looking for community-based services for their children with disabilities. Options, Inc. continually seeks ways to evolve to respond to the current needs of the people served in the community. There are a variety of opportunities at Options, Inc. to best serve the individual needs of each person with a disability.

The mission of Options, Inc. is to help people with disabilities live and work in the community. Since inception, Options, Inc. has been improving the lives of hundreds of people with disabilities through maximizing life skills, meaningful work and activities, community inclusion, and providing support beyond the family. Options, Inc. offers the following services:

Residential Services

Options, Inc. operates four community homes. Each home provides a nurturing and supportive atmosphere for six individuals with developmental disabilities to call home. Two of the homes are for women and two are for men. The homes provide an opportunity for people with complex needs to live with peers in their communities. The locations were chosen to maximize access to the community and provide a unique neighborhood experience for residents. Each home is staffed around the clock to ensure the care and safety needs of residents are met. All four community homes have been successfully operating for over 25 years.

Vocational Services

Enrichment – Wellness Program

The Wellness Program provides engaging, meaningful activities for individuals with disabilities through recreation and involvement in the community. Every week, Monday-Friday, people with disabilities participate in a variety of enrichment activities including weaving, gardening, swimming, water aerobics, bowling, walking-for-fitness, art, book club, Zumba, and volunteer opportunities. This program promotes self-esteem and helps develop social skills. Through involvement, participants build relationships with community members and have the opportunity to explore their unique interests and talents. Confidence, leadership skills, and involvement in community projects, volunteerism, employment, and entrepreneurship are a few of the successes. The impact of the program is evident through the demand for the program from both participants and family members.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Meaningful Work: Job Placement & Supported Employment

Options, Inc. provides people with disabilities with meaningful work opportunities through job placement and supported employment. Through the job placement program, people with disabilities are able to have competitive jobs in the community through job placement, job coaching, and ongoing support. They work at businesses such as banks, offices, grocery stores, restaurants, retail stores, and government agencies. People with disabilities also have jobs through the supported employment program. These individuals work on Cleaning Crews, Lawn Maintenance Crew, Learning Gardens, Weaving Studio, and at Fabulous Finds. In our rural community, jobs can be scarce, especially for people with disabilities. Over 80% of people with disabilities in the U.S. are not employed and this program is just one solution to this problem. Options, Inc. seeks opportunities and contracts with area businesses or starts new businesses to directly employ people with disabilities.

Transportation Services

The Transportation Program is an essential ingredient to the success of all of the programs and services. Most of the people who are served at Options, Inc. do not drive, so transportation is a very important service. A fleet of vehicles goes the distance to bring people with disabilities where they need to go, whether it be to a doctor's appointment, a community job, or an enrichment activity. Some of the participants of the program live with their families and Options, Inc. picks them up each morning and brings them home in the afternoon. Other clients live in Option Inc.'s community homes or in their own apartments or homes and we not only provide transportation during the day but whenever they need it. With routes that span two rural parishes (counties), careful planning and coordination play a huge role in creating the most efficient and safest routes possible. Fulfilling the ever-evolving transportation needs of participants require complex planning and coordination. Specialized training is on-going for our transportation drivers. Training includes, but is not limited to, how to handle seizures, behavioral issues, health and safety, CPR/First Aid, and much more. Transportation is more than a way to get from point A to point B, it's critical to accomplishing the mission of Options, Inc. It is a lifeline for people with disabilities to access employment, education, health care, and community life. For most of our participants, transportation is synonymous with quality of life.

OPTIONS Weaving Studio

The Weaving Studio was founded by volunteers in 2012. Volunteers and staff enthusiastically worked together to develop the Weaving Studio as a wonderful, fun place for people with disabilities to explore their creativity and artistic skills. Today it is both an employment opportunity and an enrichment activity. Several individuals have started their own businesses in partnerships with Options, Inc.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Weaving Studio. They work with Options, Inc.'s marketing team to develop their business cards, price tags, and marketing materials. They make rugs, table runners, handbags, towels, and many other beautiful items. See OPTIONS Weaving Studio Facebook page for more details. Options, Inc. is proud to offer a cutting-edge opportunity to people with disabilities to explore their creativity.

OPTIONS Learning Gardens

The Learning Gardens was established in January 2020. The purpose of the Learning Gardens is to focus on nurturing the mind, body, and soul of people with disabilities through therapeutic gardening. The Learning Gardens is an inclusive program that allows participants to engage in gardening activities while learning farm to table concepts. Also, the Learning Gardens provide employment for individuals with disabilities. The individuals with disabilities that are employed by The Learning Gardens assist the Learning Gardens Instructor during activities with their peers. The Learning Gardens Program has been a great success in meeting the needs of those with sensory challenges. The environment created promotes an educational and peaceful atmosphere.

OPTIONS Fabulous Finds

Located in Ponchatoula, OPTIONS Fabulous Finds is a gently used, upscale resale store. People from the community donate clothes and other items and the individuals with disabilities who are employed there sort the donated items, maintain store inventory, and assist customers. The store is open to the public Monday–Saturday. For more information, visit OPTIONS Fabulous Finds Facebook page. Options, Inc. has successfully operated OPTIONS Fabulous Finds since 2012.

Individualized Services

Supported Independent Living Program

The Supported Independent Living program assists individuals with intellectual and developmental disabilities to live in the community as independently as possible. The philosophy of Options, Inc. is to support, assist, and meet the needs of each person based on his or her unique needs and goals. Options, Inc. offers services that are tailored to each person's individual needs, wants, and skills. Program participants receive assistance with finding housing and negotiating lease terms, navigating home ownership, financial case management, health and wellness coaching and support, medical case management, in-home personal care, transportation, and any other services needed in order to maintain the highest level of independence for that person. Options, Inc. has been meeting the needs of people with disabilities through its Supported Independent Living Program since 1985.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Health and Wellness Program

The Health and Wellness Program has a team of nurses who oversee many aspects of client care, including proactive/preventative care, health management, and medical advocacy. All people with disabilities, especially those who are non-verbal, are vulnerable. Many of them cannot tell anyone when they are in pain or that they are having physical or emotional difficulties. It requires keen observation, excellent training, and extensive knowledge of each individual to recognize a potential problem. By providing our staff, clients, and clients' families with health and wellness education, training, and support, we enable them to make well-informed decisions regarding the well-being of each person served.

Family Support Services

Options, Inc. provides individuals with disabilities, who live with their families, support that enhance their quality of life and assist their caregivers. Family Support includes assistance with activities of daily living, meal preparation, hygiene, light housekeeping, transportation, and opportunities to participate in community activities. These services support the family care givers thus enabling them to maintain their own jobs, care for their other children, and take needed breaks. Participants enjoy the opportunity to pursue interests outside of the family. Options, Inc. has been providing Family Support Services since 1991.

Foundation

Foundation to Ensure the Future of Options, Inc. is a separate 501(c)(3) organization that oversees Pooled Special Needs Trusts and assists with the long-term funding goals of Options, Inc.

Housing Services

C'est Tres Bon! is a separate 501(c)(3) organization that serves as the governing board for Section 811 HUD apartments (6 units) located on Crisp Road in Hammond. Options, Inc. is the management company.

Combined Financial Statements

The financial statements have been combined to include all accounts of Options, Inc. and its affiliates. Options, Inc., wholly owned affiliates include the following:

- Foundation to Ensure the Future of Options, Inc.
- C'est Tres Bon!, Inc.

For the purpose of this report, Options, Inc. and Affiliates will be referred to as "the Organization."

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Presentation

The Organization follows the financial statement presentation recommended by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic 958, Not-for-Profit Entities. The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

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. The revenues received in conducting the mission of the Organization is included in this category.

Net assets with donor restrictions -- Net assets 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 these funds be maintained in perpetuity.

The accompanying combined financial statements include the accounts of Options, Inc. and its affiliated organizations, C'est Tres Bon!, Inc. and Foundation to Ensure the Future of Options, Inc. All significant inter-organization transactions and balances have been eliminated in consolidation.

Basis of Accounting

The combined financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Inventory

Inventory is carried at cost and consists of janitorial and office supplies.

Restricted Cash

Restricted cash consists of balances in cash accounts that are required by loan, operating agreements, and donor restrictions.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivables are stated at the amount management expect to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Allowance for doubtful accounts was \$0 for the years ended June 30, 2023 and 2022.

Promises to Give

Unconditional promises to give are recognized as revenue in the period in which a written or oral agreement to contribute cash or other assets is received. Conditional promises to give are not recognized until they become unconditional; that is, when the donor-imposed conditions are substantially met. The Organization distinguishes between contributions received for each net asset category with donor-imposed restrictions. An allowance for doubtful accounts is established based on the prior collection history and management's analysis of specific promises made. Pledges are also discounted to the anticipated net present value of future cash flows. The allowance for doubtful accounts for pledges was \$58,620 and \$53,930 for the years ended June 30, 2023 and 2022, respectively. The discount for pledges was \$132,270 and \$230,630 for the years ended June 30, 2023 and 2022.

Estimates

Management uses estimates and assumptions in preparing the combined financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates in the near term.

Functional Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the years ended June 30, 2023 and 2022, were \$7,324 and \$13,943, respectively.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of Revenue Source

The Organization's primary source of revenue is Medicaid (Title XIX) revenue. For the fiscal years ended June 30, 2023 and 2022, \$6,333,382 and \$5,799,380 or 63% and 58% of the Organization's total gross revenue was from Title XIX. If significant budget cuts are made at the federal and/or state level, the amount of funds the Organization receives could be reduced significantly and have an adverse impact on its operations. As of December 29, 2023, management was not aware of any actions taken that would adversely affect the amount of Federal or State funds the Organization will receive in the upcoming fiscal year.

Income Tax Status

The Organization is a nonprofit organization and exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Code as other than a private foundation. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to combined financial statements. The Organization's Federal Exempt Information Returns (Form 990) for 2021, 2022 and 2023 are subject to examination by the IRS, generally for three years after they were filed.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as support without donor restrictions unless explicit donor stipulations specify how donated assets must be used. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

The Organization receives a significant amount of contributed time from volunteers that does not meet the recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements. The Organization receives donated services in the form of Board of Directors and committee members and event volunteers. The hours contributed is estimated by management to be 3,019 hours valued at \$45,285 for the year ended June 30, 2023.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the combined Statements of Financial Position, and changes in fair value are reported as investment return in the statements of activities. The Organization holds investments in mutual funds and stocks and carries such investments at current quoted prices in active markets (Level 1 measurements). Investment income is reported as increases in net assets without donor restrictions in the reporting period in which the income and gains are recognized.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Certificates of Deposit

Certificates of deposit held for investment that are not debt securities are included in "investments-certificate of deposit". The certificate of deposit has a remaining maturity of less than one year and is classified as a current asset on the combined Statements of Financial Position.

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the Organization. At June 30, 2023 and 2022, the Organization had \$2,033 and \$1,933 in tenant security deposits, respectively.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the assets. State funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

Endowment Fund

An investment was established where the principal is retained in perpetuity and carried as net assets with donor restrictions. Income generated from the invested amount is used to fulfill the donor's intent, allow for associated fees, and continue the growth of the endowment in order to maintain its value over time. The Organization has a \$13,526 donor restricted endowment invested in government securities and uses the income from these investments for general operating purposes.

Revenue Recognition

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 restriction. When a restriction expires (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 statements of activities as net assets released from restrictions.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Revenue is recognized for services provided to our clients. Revenue for these services is measured based on the amount charged for the service. Revenue is recognized and considered earned at the time of completion of the services.

Paycheck Protection Plan loan amount is recorded as revenue when it is ultimately forgiven (i.e., the entity is legally released from being the loan's primary obligor in accordance with ASC 405-20, Extinguishment of Debt) then income would be recognized in the combined Statement of Activities as a gain from PPP loan extinguishment.

Rental Income and Deferred Rent

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Organization and the tenants of the property are operating leases.

Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with damages or cleaning fees, if applicable.

Leases

Effective July 1, 2022, the Standard adopted FASB 842 *Leases* (the Standard). The Standard establishes a right-of-use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the Statement of Financial Position for all leases with terms longer than twelve months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statement of Activities.

As permitted by the standard, the Organization elected, for all asset classes, the short-term lease exemption. A short-term lease is a lease that, at the commencement date, has a term of twelve months or less and does not include an option to purchase the underlying asset.

As of June 30, 2023, the Organization has identified no significant long-term leases and, as such, has recorded no ROU assets nor lease liabilities on the Statement of Financial Position

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Implementation of New Accounting Standard

The FASB issued Accounting Standards Update Number, 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to update its revenue recognition standard to clarify the principles of recognizing revenues and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The standard was adopted with no impact to the financial statements.

The FASB issued Accounting Standards Update Number 2016-02 affecting ASC 842, *Leases*, which provides guidance for any organization that enters a lease (as defined in this Update), with some specified scope exemptions. The guidance in this Update supersedes ASC 840 *Leases*. The primary objective of this update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities in the statement of financial position and disclosing key information about leasing arrangements. The standard was adopted with no impact to the financial statements.

NOTE 2. CASH AND CASH EQUIVALENTS

The Organization maintains several bank accounts at various banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) for amounts up to \$250,000. Cash exceeded FDIC limits at June 30, 2023 and 2022 by \$2,318,065 and \$1,597,957, respectively. It is the opinion of management that the solvency of the referenced financial institution is not of particular concern at this time.

NOTE 3. CERTIFICATES OF DEPOSIT

The certificates of deposit balance at June 30, 2023 and 2022 consist of the following:

| Certificates of deposit held by institutions: | 2023 | 2022 |
|---|-----------|-----------|
| Yields 2.01% per annum, due March 31, 2024 | \$ 85,290 | \$ - |
| Yields 1.70% per annum, due March 31, 2023 | - | 83,859 |
| Total certificates of deposit | \$ 85,290 | \$ 83,859 |

NOTE 4. INVESTMENTS

For the years ended June 30, 2023 and 2022, the Organization had investments as follows:

| | 2023 | 2022 |
|-------------------|--------------|--------------|
| Mutual Funds | \$ 1,611,807 | \$ 1,613,932 |
| Stock | - | 1,576 |
| Total investments | \$ 1,611,807 | \$ 1,615,508 |

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4. INVESTMENTS (Continued)

Recap of Investments:

| | <u>2023</u> | <u>2022</u> |
|------------------------|---------------------|---------------------|
| Investments-current | \$ 1,598,281 | \$ 1,601,982 |
| Investments-restricted | 13,526 | 13,526 |
| | <u>\$ 1,611,807</u> | <u>\$ 1,615,508</u> |

A summary of return on investments consists of the following:

| | <u>2023</u> | <u>2022</u> |
|----------------------------|--------------------|---------------------|
| Mutual Funds | | |
| Unrealized gain (loss) | \$ (14,122) | \$ (127,931) |
| Interest and dividends | 1,229 | 1,017 |
| Total return on investment | <u>\$ (12,893)</u> | <u>\$ (126,914)</u> |

Interest income from all sources totaled \$1,229 and \$1,017 for the years ended June 30, 2023 and 2022, respectively.

NOTE 5. FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022:

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Security Exchange Commission (SEC). These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Common Stocks: Valued at the closing price as reported on the active market on which the individual securities are traded.

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2023 and 2022.

The following tables set forth by level, within the fair value hierarchy, of the Organization's investment assets at fair value for the years ended June 30, 2023 and 2022:

| | Total Assets Measured At Fair Value | Based On | | |
|--|---|--|--|-------------------------------------|
| | | Quoted Prices In Active Markets (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| Recurring fair value measurements at June 30, 2023: | | | | |
| Mutual Funds: | | | | |
| Franklin US Government Securities A | \$ 1,275,749 | \$ 1,275,749 | \$ - | \$ - |
| Franklin Adj US Government Securities A | 12,390 | 12,390 | - | - |
| JPM Mortgage-Backed Secs A | 323,668 | 323,668 | - | - |
| Total | <u>\$ 1,611,807</u> | <u>\$ 1,611,807</u> | <u>\$ -</u> | <u>\$ -</u> |

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

| | Total Assets Measured At Fair Value | Based On | | |
|--|---|--|--|-------------------------------------|
| | | Quoted Prices In Active Markets (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| Recurring fair value measurements at June 30, 2022: | | | | |
| Mutual Funds: | | | | |
| Franklin Adj US Government Securities A | \$ 1,274,902 | \$ 1,274,902 | \$ - | \$ - |
| Franklin US Government Securities A | 12,479 | 12,479 | - | - |
| JPM Mortgage-Backed Secs A | 326,551 | 326,551 | - | - |
| Stock: | | | | |
| First Guaranty Bancshares, Inc. | 1,576 | 1,576 | - | - |
| Total | <u>\$ 1,615,508</u> | <u>\$ 1,615,508</u> | <u>\$ -</u> | <u>\$ -</u> |

NOTE 6. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2023 and 2022, the Organization received unconditional promises to give. Promises to give that will be received in more than one year are discounted at 5%.

The amounts due consist of the following:

| | 2023 | 2022 |
|---|---------------------|---------------------|
| Contribution sources | \$ 120,000 | \$ 120,000 |
| Annual fundraising campaign | 1,185,662 | 1,189,238 |
| Total promises to give | <u>\$ 1,305,662</u> | <u>\$ 1,309,238</u> |
| | 2023 | 2022 |
| Receivable in one year or less | \$ 526,638 | \$ 456,480 |
| Receivable in one to five years | 763,882 | 834,758 |
| Receivable in more than five years | 15,142 | 18,000 |
| Total unconditional promises to give | 1,305,662 | 1,309,238 |
| Less discounts to net present value | (132,270) | (230,630) |
| Less allowance for uncollectible promises to give | (58,620) | (53,930) |
| Net unconditional promises to give | <u>\$ 1,114,772</u> | <u>\$ 1,024,678</u> |

Recap of current portion and long-term portion of unconditional promises to give:

| | 2023 | 2022 |
|--|---------------------|---------------------|
| Unconditional promises to give current portion | \$ 526,638 | \$ 456,480 |
| Unconditional promises to give long-term portion | 588,134 | 568,198 |
| Total unconditional promises to give | <u>\$ 1,114,772</u> | <u>\$ 1,024,678</u> |

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 and 2022 consisted of the following:

| | <u>2023</u> | <u>2022</u> | <u>Useful life</u> |
|--------------------------------|---------------------|---------------------|--------------------|
| Land & improvements | \$ 592,340 | \$ 592,340 | |
| Construction in Progress | 153,840 | 23,162 | |
| Buildings & improvements | 3,750,817 | 3,670,565 | 10 to 32 years |
| Furniture & fixtures | 280,478 | 271,076 | 5 to 7 years |
| Software | 27,789 | 27,789 | 5 years |
| Vehicles | 1,029,631 | 952,925 | 5 years |
| | <u>\$ 5,834,895</u> | <u>\$ 5,537,857</u> | |
| Less: Accumulated depreciation | <u>(3,024,179)</u> | <u>(2,773,423)</u> | |
| | <u>\$ 2,810,716</u> | <u>\$ 2,764,434</u> | |

Depreciation expenses totaled \$261,209 and \$252,474 for the years ended June 30, 2023 and 2022, respectively.

NOTE 8. TRUST ACCOUNT

Options, Inc. has implemented a special needs trust to hold funds for individuals with developmental special needs. All the funds held in the trust are for clients of the Organization. The trust balance was \$116,286 and \$103,328, at June 30, 2023 and 2022.

NOTE 9. LEASES

Options, Inc. has several storage and equipment leases under short-term arrangements with month-to-month payments that are cancelable with one month's notice by either party. For the years ending June 30, 2023 and 2022, the total rent expense was \$24,531 and \$22,788, respectively.

NOTE 10. ACCRUED LEAVE

Options, Inc.'s employees can earn paid vacation after successful completion of ninety days initial period of employment. Vacation and leave accrue at various rates depending upon length of service and hours worked per month, as follows:

| <u>Employee Classification</u> | <u>Accrual Rate</u> |
|--------------------------------|--|
| 40 hour employees | 4.00 to 9.2 hours per month up to a maximum of 120 hours |
| 35-39 hour employees | 3.5 to 8.06 hours per month up to a maximum of 120 hours |

Accrued leave recorded at June 30, 2023 and 2022 was \$102,618 and \$106,876, respectively.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11. CAFETERIA PLAN

The Organization has a "Section 125" employee benefits plan, which is also referred to as a "Cafeteria" plan. Employer contributions into this plan are based on length of service. A new employee becomes eligible to participate in the plan after 60 days. Employees are able to use the employer contribution for voluntary benefits and health insurance.

NOTE 12. LINE OF CREDIT

The Organization has a \$250,000 line of credit bearing interest at 5.85% on any outstanding balances at June 30, 2023, and is secured by all present and future deposit accounts the Organization has with the lender. As of June 30, 2023 and 2022, \$250,000 is available. There was no interest expense for the years ended June 30, 2023 and 2022.

NOTE 13. LIQUIDITY

The following reflects the Organization's financial assets available within one year of the combined statements of financial position as of June 30, 2023 and 2022 for general expenditures:

| | | |
|---|---------------------|---------------------|
| Financial assets at year-end: | 2023 | 2022 |
| Cash and cash equivalents | \$ 2,615,943 | \$ 1,873,689 |
| Accounts receivable | 504,087 | 430,486 |
| Investments | 1,598,281 | 1,601,982 |
| Unconditional promises to give, current portion | 526,638 | 456,480 |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 5,244,949</u> | <u>\$ 4,362,637</u> |

The Organization is substantially supported by grants, governmental contracts and contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As described in Note 12, the Organization also maintains a line of credit to draw upon in an unanticipated liquidity need.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 14. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2023 and 2022, Options, Inc. had \$1,128,298 and \$1,161,704 respectively, in net assets with donor restrictions and are available for the following purposes or periods:

| | 2023 | 2022 |
|--|--------------|--------------|
| Endowment Fund | \$ 13,526 | \$ 13,526 |
| Vocational program support | 120,000 | 120,000 |
| Restricted gift- generator | - | 103,500 |
| Restricted gift- meditation garden | - | 20,000 |
| Pledges for subsequent years | 994,772 | 904,678 |
| Total net assets with donor restrictions | \$ 1,128,298 | \$ 1,161,704 |

The endowment fund is donor restricted and only the interest and gains from the investment may be used for operations of Options, Inc.

NOTE 15. PENSION PLAN

Employees of the Organization may participate in a 403(b) savings plan, whereby the employees may elect to make contributions pursuant to a salary reduction agreement upon meeting age and length-of-service requirements. Employees may elect to defer a portion of their annual salary subject to Internal Revenue Service limits. The Organization matched up to 2% of the employees' annual salary. Employer contributions for the years ended June 30, 2023 and 2022 was \$16,494 and \$17,455 respectively.

NOTE 16. COMPENSATION

The Board of Directors serves Options, Inc. and Affiliates without compensation.

NOTE 17. RELATED PARTY TRANSACTIONS

At June 30, 2023 and 2022, one of the Organization's board members donated \$11,738 and \$10,237 in personal stock to be used for operating expenses. Board members pledged \$70,600 and \$7,300 at the annual fundraiser to be collected over the next five years for the years ended June 30, 2023 and 2022, respectively.

NOTE 18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 29, 2023, the date which the financial statements were available for use. Management's evaluation revealed no subsequent events that require adjustment to or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

OPTIONS, INC. AND AFFILIATES
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO THE CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2023

Agency Head Name: Carrie Mercke, Chief Executive Officer

| <u>Purpose:</u> | <u>Amount</u> |
|---------------------|------------------|
| Salary | \$ 91,040 |
| Benefits-insurance | 4,429 |
| Benefits-retirement | 1,821 |
| Total | <u>\$ 97,290</u> |

OPTIONS, INC. AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

| | Options, Inc. | C'est Tres Bon!, Inc | Foundation to Ensure the Future of Options, Inc. | Subtotal | Eliminations | Combined |
|--|-------------------------|-------------------------|--|-------------------------|-----------------|-------------------------|
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and cash equivalents | \$ 2,549,039 | \$ 13,560 | \$ 53,338 | \$ 2,615,943 | \$ - | \$ 2,615,943 |
| Restricted cash | - | 69,574 | 116,286 | 185,860 | - | 185,860 |
| Accounts receivable | | | | | | |
| Government contracts | 481,823 | - | - | 481,823 | - | 481,823 |
| Other | 22,264 | - | - | 22,264 | - | 22,264 |
| Unconditional promises to give | 526,638 | - | - | 526,638 | - | 526,638 |
| Inventory | 4,173 | - | - | 4,173 | - | 4,173 |
| Investments | 1,598,281 | - | - | 1,598,281 | - | 1,598,281 |
| Investments-certificates of deposit | 83,859 | - | - | 83,859 | - | 83,859 |
| Prepaid expenses | 19,638 | - | - | 19,638 | - | 19,638 |
| Total current assets | <u>\$ 5,285,715</u> | <u>\$ 83,140</u> | <u>\$ 169,624</u> | <u>\$ 5,538,479</u> | <u>\$ -</u> | <u>\$ 5,538,479</u> |
| LAND, PROPERTY AND EQUIPMENT | \$ 5,035,723 | \$ 799,172 | \$ - | \$ 5,834,895 | \$ - | \$ 5,834,895 |
| Less accumulated depreciation and amortization | (2,801,042) | (223,137) | - | (3,024,179) | - | (3,024,179) |
| Total land, property and equipment | <u>\$ 2,234,681</u> | <u>\$ 576,035</u> | <u>\$ -</u> | <u>\$ 2,810,716</u> | <u>\$ -</u> | <u>\$ 2,810,716</u> |
| OTHER ASSETS | | | | | | |
| Unconditional promises to give, | | | | | | |
| less allowance for doubtful accounts | \$ 588,134 | \$ - | \$ - | \$ 588,134 | \$ - | \$ 588,134 |
| Investments-restricted | 13,526 | - | - | 13,526 | - | 13,526 |
| Total other assets | <u>\$ 601,660</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 601,660</u> | <u>\$ -</u> | <u>\$ 601,660</u> |
| Total assets | <u>\$ 8,122,056</u> | <u>\$ 659,175</u> | <u>\$ 169,624</u> | <u>\$ 8,950,855</u> | <u>\$ -</u> | <u>\$ 8,950,855</u> |

OPTIONS, INC. AND AFFILIATES
 COMBINING STATEMENT OF FINANCIAL POSITION
 JUNE 30, 2023
 (CONTINUED)

| | Options, Inc. | C'est Tres Bon! Inc. | Foundation to Ensure the Future of Options, Inc. | Subtotal | Eliminations | Combined |
|---|---------------------|-------------------------|--|---------------------|--------------|---------------------|
| LIABILITIES AND NET ASSETS | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Accounts payable | \$ 94,715 | \$ 1,710 | \$ - | \$ 96,425 | \$ - | \$ 96,425 |
| Trust held for others | - | - | 114,723 | 114,723 | - | 114,723 |
| Other payables | 5,055 | - | - | 5,055 | - | 5,055 |
| Accrued salaries, leave and payroll taxes | 383,170 | - | - | 383,170 | - | 383,170 |
| Total current liabilities | <u>\$ 482,940</u> | <u>\$ 1,710</u> | <u>\$ 114,723</u> | <u>\$ 599,373</u> | <u>\$ -</u> | <u>\$ 599,373</u> |
| LONG TERM LIABILITIES | | | | | | |
| Tenants' security deposits | - | 2,032 | - | 2,032 | - | 2,032 |
| Total long term liabilities | <u>\$ -</u> | <u>\$ 2,032</u> | <u>\$ -</u> | <u>\$ 2,032</u> | <u>\$ -</u> | <u>\$ 2,032</u> |
| Total liabilities | <u>\$ 482,940</u> | <u>\$ 3,742</u> | <u>\$ 114,723</u> | <u>\$ 601,405</u> | <u>\$ -</u> | <u>\$ 601,405</u> |
| Without donor restrictions | | | | | | |
| Undesignated | \$ 6,509,818 | \$ 655,433 | \$ 54,901 | \$ 7,220,152 | \$ - | \$ 7,220,152 |
| Designated | - | - | - | - | - | - |
| With donor restrictions | | | | | | |
| Total net assets | <u>\$ 1,129,298</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,129,298</u> | <u>\$ -</u> | <u>\$ 1,129,298</u> |
| Total net assets | <u>\$ 7,639,116</u> | <u>\$ 655,433</u> | <u>\$ 54,901</u> | <u>\$ 8,349,450</u> | <u>\$ -</u> | <u>\$ 8,349,450</u> |
| Total liabilities and net assets | <u>\$ 8,122,056</u> | <u>\$ 659,175</u> | <u>\$ 169,624</u> | <u>\$ 8,950,855</u> | <u>\$ -</u> | <u>\$ 8,950,855</u> |

OPTIONS, INC. AND AFFILIATES
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

| | Options, Inc. | West Pres Hon'l. Inc | Foundation to Ensure the Future of Options, Inc | Subtotal | Eliminations | Combined |
|--|---------------------|-------------------------|---|---------------------|--------------|---------------------|
| REVENUES, GAINS AND OTHER SUPPORT | | | | | | |
| Medicaid | \$ 6,333,382 | \$ - | \$ - | \$ 6,333,382 | \$ - | \$ 6,333,382 |
| Grants and contracts: | | | | | | |
| Federal | 306,937 | 25,419 | - | 332,356 | - | 332,356 |
| State | 479,449 | - | - | 479,449 | - | 479,449 |
| Contributions | 311,395 | - | 20,000 | 331,395 | - | 331,395 |
| Fund-raising income | 678,915 | - | - | 678,915 | - | 678,915 |
| Private pay client revenue | 72,003 | - | - | 72,003 | - | 72,003 |
| Vocational rehabilitation | 8,250 | - | - | 8,250 | - | 8,250 |
| Vocational contracts | \$ 640,702 | | | | | |
| Less. Cost of services | (319,122) | | | | | |
| Vocational contracts gross profit | 321,580 | - | - | 321,580 | - | 321,580 |
| Rental revenue | - | 18,161 | - | 18,161 | - | 18,161 |
| Investment income | (14,122) | 7 | 1,222 | (12,893) | - | (12,893) |
| Management and maintenance fee | 6,760 | - | - | 6,760 | - | 6,760 |
| Gain on sale of assets | (14,654) | - | - | (14,654) | - | (14,654) |
| Other income | 21,406 | 3,076 | - | 24,482 | - | 24,482 |
| Gain from PPP loan extinguishment | 1,078,065 | - | - | 1,078,065 | - | 1,078,065 |
| Total revenues, gains, and other support | <u>\$ 9,589,366</u> | <u>\$ 46,663</u> | <u>\$ 21,222</u> | <u>\$ 9,657,251</u> | <u>\$ -</u> | <u>\$ 9,657,251</u> |
| EXPENSES | | | | | | |
| Program Services | | | | | | |
| Residential services | \$ 2,284,632 | \$ - | \$ - | \$ 2,284,632 | \$ - | \$ 2,284,632 |
| Vocational services | 2,165,338 | - | - | 2,165,338 | - | 2,165,338 |
| Individualized services | 3,648,983 | - | - | 3,648,983 | - | 3,648,983 |
| Housing services | - | 56,677 | - | 56,677 | - | 56,677 |
| Support Services | | | | | | |
| Management and general | 335,165 | - | - | 335,165 | - | 335,165 |
| Fund-raising | 170,763 | - | - | 170,763 | - | 170,763 |
| Total expenses | <u>\$ 8,604,881</u> | <u>\$ 56,677</u> | <u>\$ -</u> | <u>\$ 8,661,558</u> | <u>\$ -</u> | <u>\$ 8,661,558</u> |
| Change in net assets | \$ 984,485 | \$ (10,014) | \$ 21,222 | \$ 995,693 | \$ - | \$ 995,693 |
| Net assets at beginning of year | <u>6,654,631</u> | <u>665,447</u> | <u>33,679</u> | <u>7,353,757</u> | <u>-</u> | <u>7,353,757</u> |
| Net assets at end of year | <u>\$ 7,639,116</u> | <u>\$ 655,433</u> | <u>\$ 54,901</u> | <u>\$ 8,349,450</u> | <u>\$ -</u> | <u>\$ 8,349,450</u> |

SPECIAL REPORTS OF INDEPENDENT AUDITORS



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

To the Board of Directors
Options, Inc. and Affiliates
Hammond, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Options, Inc. and Affiliates, which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the 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 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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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.

This report is intended for the information of the Board of Directors, management, the State of Louisiana, the Legislative Auditor for the State of Louisiana, Federal Awarding Agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Metairie, Louisiana
December 29, 2023



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

To the Board of Directors
Options, Inc. and Affiliates
Hammond, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of Options, Inc. and its Affiliates with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grants agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bernard & Franks

Metairie, Louisiana
December 29, 2023

OPTIONS, INC.
(A NONPROFIT ORGANIZATION)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

| <u>Federal grantor/pass-through grantor/program</u> | <u>Assistance listing number</u> | <u>Contract number</u> | <u>Total federal expenditures</u> |
|--|--|------------------------|---|
| United States Department of Health and Human Services/ Health Resources & Services Administration | | | |
| COVID-19 Healthcare Relief Program CARES Act | 93.498 | - | \$ 611,868 |
| Total United States Department of Health and Human Services | | | <u>\$ 611,868</u> |
| Department of Transportation and Development/ Federal Transit Administration | | | |
| Job Access and Reverse Commute Program | 20.516 | LA-37-X032 | \$ 120,000 |
| Job Access and Reverse Commute Program | 20.516 | LA-37-X026 | 80,000 |
| Job Access and Reverse Commute Program | 20.516 | LA-37-X037 | 39,973 |
| Enhanced Mobility of Seniors and Individuals with Disabilities | 20.513 | ED 16-53-22 | 66,964 |
| Total Department of Transportation and Development | | | <u>\$ 306,937</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 918,805</u></u> |

OPTIONS, INC. AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Options, Inc. and Affiliates under programs of the federal government for the year ending June 30, 2023. The information in this 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 Options, Inc. and Affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Options, Inc. and Affiliates.

Financial Statement Presentation

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 and OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain expenditures are not allowable or are limited to reimbursement.

Indirect Cost Rate

The Organization did not elect to take the de minimis indirect cost rate allowed under the Uniform Guidance.

**OPTIONS, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I- Summary Of Auditors' Results

Financial Statements

1. The auditors' report expresses an unmodified opinion on the financial statements of Options, Inc. and Affiliates, which was prepared in accordance with generally accepted accounting principles 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.
2. No significant deficiencies or material weaknesses of Options, Inc. and Affiliates in internal control were disclosed by the audit of the financial statements as reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Options, Inc. and Affiliates were disclosed in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.

Federal Awards

4. No significant deficiencies or material weaknesses relating to internal control over the major federal award programs were disclosed during the audit, as reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for major federal award programs expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance.
7. The major program tested were the following:

| Assistance listing number | Name of Federal Program or Cluster |
|------------------------------|--|
| 93.498 | COVID-19 Healthcare Relief Program CARES Act |

OPTIONS, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
YEAR ENDED JUNE 30, 2023

Section I- Summary of Auditors' Results

Federal Awards-Continued

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Options, Inc. and Affiliates was not determined to be a low-risk auditee as defined by Uniform Guidance.

Section II- Financial Statement Findings

Internal Control Over Financial Reporting And Compliance And Other Matters Material To The Basic Financial Statements

Internal Control Over Financial Reporting

No internal control over financial reporting findings was reported during the audit for the year ending June 30, 2023.

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ending June 30, 2023.

Section III - Federal Award Findings And Questioned Costs

Internal Control/Compliance

No findings or questioned costs were reported during the audit of the financial statements for the year ended June 30, 2023, related to internal control and compliance material to federal awards.

REPORTS BY MANAGEMENT

**OPTIONS, INC. AND AFFILIATES
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2023**

**Section I - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements**

Internal Control Over Financial Reporting

No findings were noted during the year end June 30, 2022 audit related to internal control over financial reporting material to the basic financial statements.

Compliance and Other Matters

There was no findings material to the financial statements noted during the year end June 30, 2022 audit related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Internal Control Over Financial Reporting

This is not applicable to the Organization for the year ended June 30, 2022.

Compliance and Other Matters

This is not applicable to the Organization for the year ended June 30, 2022.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ending June 30, 2022.

STATEWIDE AGREED-UPON PROCEDURES



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

To the Board of Directors of
Options, Inc. and Affiliates
Hammond, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Options, Inc. and Affiliates' management is responsible for those C/C areas identified in the SAUPs.

Options, Inc. and Affiliates (a nonprofit "Organization") has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1.) *Written Policies and Procedures*

A. Obtain and inspect the Organization's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Organization's operations:

- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Result: There were no exceptions noted.

- ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

Result: There were no exceptions noted.

- iii. ***Disbursements***, including processing, reviewing, and approving.

Result: There were no exceptions noted.

- iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g.,

periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Result: There were no exceptions noted.

- v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Result: There were no exceptions noted.

- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Result: There were no exceptions noted.

- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Result: There were no exceptions noted.

- viii. ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Result: There were no exceptions noted.

- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Organization's ethics policy.

Result: The Organization is a nonprofit organization; therefore, the ethics agreed-upon procedure does not apply.

- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Result: The Organization is a nonprofit organization; therefore, the debt service agreed-upon procedure does not apply.

- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Result: There were no exceptions noted.

- xii. ***Prevention of Sexual Harassment.*** including Louisiana Revised Statute (R.S.) 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Result: The Organization does have a sexual harassment policy, but their policies are not defined under Louisiana Revised Statute (R.S.) 42:342-344, due to their nonprofit status. Therefore, the sexual harassment agree-upon procedures do not apply.

2.) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: There were no exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Organization's collections during the fiscal period.*

Results: There were no exceptions noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: The Organization is a nonprofit organization: therefore, this agreed-upon procedure does not apply.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: This is not applicable because the Organization did not have audit findings.

3.) Bank Reconciliations

- A. Obtain a listing of Organization bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Organization's main operating account. Select the Organization's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Result: We obtained the required list with management's representation that the listing is complete.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Result: There were no exceptions noted.

- ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Result: There were no exceptions noted.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Result: There were no exceptions noted.

4.) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Result: We obtained the required list with management's representation that the listing is complete.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Result: We obtained the required list with management's representation that the listing is complete.

- i. Employees responsible for cash collections do not share cash drawers/registers.

Result: There were no exceptions noted.

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Result: There were no exceptions noted.

- iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Result: There were no exceptions noted.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Result: There were no exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Result: There were no exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.

Result: There were no exceptions noted.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Result: There were no exceptions noted.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

Result: There were no exceptions noted.

- iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Result: There were no exceptions noted.

- v. Trace the actual deposit per the bank statement to the general ledger.

Result: There were no exceptions noted.

5.) Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Result: We obtained the required list with management's representation that the listing is complete.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Result: We obtained the required list with management's representation that the listing is complete.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Result: There were no exceptions noted.

- ii. At least two employees are involved in processing and approving payments to vendors.

Result: There were no exceptions noted.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Result: There were no exceptions noted.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Result: There were no exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Result: There were no exceptions noted.

- C. For each location selected under #5A above, obtain the Organization's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the Organization.

Result: There were no exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Result: There were no exceptions noted.

- D. Using the entity's main operation account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Result: There were no exceptions noted.

6.) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Result: We obtained the required list with management's representation that the listing is complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Result: There were no exceptions noted.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Result: There were no exceptions noted.

- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Result: There were no exceptions noted.

7.) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Result: We obtained the required list with management's representation that the listing is complete.

- i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Result: There were no exceptions noted.

- ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Result: There were no exceptions noted.

- iii. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policies and procedures procedure #1A(vii).

Result: There were no exceptions noted.

- iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Result: There were no exceptions noted.

8.) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Result: We obtained the required list with management's representation that the listing is complete.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Result: This is not applicable, as the Organization did not have any contracts under the Louisiana Public Bid Law requirements.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law.

Result: There were no exceptions noted.

- iii. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Result: There were no exceptions noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Result: There were no exceptions noted.

9.) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Result: We obtained the required list with management's representation that the listing is complete.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

- i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Result: There were no exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Result: There were no exceptions noted.

- iii. Observe any leave accrued or taken during the pay period is reflected in the Organization's cumulative leave records.

Result: There were no exceptions noted.

- iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Result: There we no exceptions noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Organization's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records. agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to Organization policy.

Result: We obtained the required list with management's representation that the listing is complete. There were no exceptions noted.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Result: We obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines. There were no exceptions noted.

10.) Ethics

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above: obtain ethics documentation from management, and:
- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - ii. Observe whether the Organization maintains documentation which demonstrates each employee and official were notified of any changes to the Organization's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by Louisiana Revised Statute (R.S.) 42:1170.

Result: The Organization is a nonprofit organization; therefore, the ethics agreed-upon procedure does not apply.

11.) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Result: The Organization is a nonprofit organization; therefore, the debt service agreed-upon procedure does not apply.

12.) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Organization reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Organization is domiciled by Louisiana Revised Statute (R.S.) 24:523.

Result: The Organization represented that there were no misappropriations of public funds for the fiscal year. There were no exceptions noted.

- B. Observe the Organization has posted on its premises and website, the notice required by Louisiana Revised Statute (R.S.) 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Result: There were no exceptions noted.

13.) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures:

- i. Obtain and inspect the Organization's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Result: We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the Organization's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Result: We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the Organization's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Result: We performed the procedure and discussed the results with management.

- #### **B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected employees have been removed or disabled from the network.**

Result: We performed the procedure and discussed the results with management.

14.) Prevention of Sexual Harassment

- #### **A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.**

Result: The Organization is a nonprofit organization; therefore, the prevention of sexual harassment agreed-upon procedure does not apply.

- #### **B. Observe the Organization has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Organization's premises if the Organization does not have a website).**

Result: The Organization is a nonprofit organization; therefore, the prevention of sexual harassment agreed-upon procedure does not apply.

- #### **C. Obtain the Organization's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of Louisiana Revised Statute (R.S.) 42:344:**

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

Result: The Organization is a nonprofit organization; therefore, the prevention of sexual harassment agreed-upon procedure does not apply.

We were engaged by Options, Inc. and Affiliates to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Options, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute (R.S.) 24:513, this report is distributed by the LLA as a public document.



December 29, 2023
Metairie, Louisiana

LOUISIANA COMPLIANCE QUESTIONNAIRE
(For Audit Engagements of Quasi-Public Agencies)

_____ (Date Transmitted)

Bernard & Franks, A Corporation of CPA's
4141 Veterans Boulevard, Suite 313
Metairie, La 70002

In connection with your audit of our financial statements as of June 30th, 2023 and for the year ended June 30th, 2023 for the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with accounting principles generally accepted in the United States of America, to assess our internal control structure as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of October 27, 2023 (date completed/date of the representations).

PART I. Agency Profile

1. Name and address of the organization.

OPTIONS, Inc
19362 W. Shelton Rd.
Hammond, La 70401

2. List names, addresses, and telephone numbers of entity officials. Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel.

See attached

3. Period of time covered by this questionnaire.

July 1st, 2022 to June 30th, 2023

4. The entity has been organized under the following provisions of the Louisiana Revised Statute(s) (R.S.) and, if applicable, local resolutions/ordinances.

Yes, the entity has been organized as non-profit under Louisiana (R.S.) 12.

5. Briefly describe the public services provided.

Services are provided for citizens with developmental disabilities.

6. Expiration date of current elected/appointed officials' terms.

June 30th, 2024

Part II. Federal, State, and Local Awards

7. We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes [x] No [] N/A []

8. All transactions relating to federal grants have been properly recorded within our accounting records and reported to the appropriate federal grantor officials.

Yes [x] No [] N/A []

9. All transactions relating to state grants have been properly recorded within our accounting records and reported to the state grantor officials.

Yes No N/A

10. All transactions relating to local grants have been properly recorded within our accounting records and reported to the appropriate local grantor officials.

Yes No N/A

11. The reports filed with federal agencies are properly supported by books of original entry and supporting documentation.

Yes No N/A

12. The reports filed with state agencies are properly supported by books of original entry and supporting documentation.

Yes No N/A

13. The reports filed with local agencies are properly supported by books of original entry and supporting documentation.

Yes No N/A

14. We have complied with all applicable compliance requirements of all federal programs we administer,

Yes No N/A

15. We have complied with all applicable specific requirements of all state programs we administer, to include matters contained in the grant awards.

Yes No N/A

16. We have complied with all applicable specific requirements of all local programs we administer, to include matters contained in the grant awards.

Yes No N/A

17. We have provided you with all communications from grantors concerning noncompliance with or deficiencies in administering grant programs.

Yes No N/A

Part III. Public Records

18. We are familiar with the Public Records Act and have made available to the public those records as required by R.S. 44:33.

Yes No N/A

Part IV. Open Meetings

19. Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication “Open Meeting FAQs,” available on the Legislative Auditor’s website to determine whether a non-profit agency is subject to the open meetings law.**

Yes [] No [] N/A [x]

Part V. Budget

20. For each federal grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

Yes [x] No [] N/A []

21. For each grant received from the state, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose, duration, specific goals and objectives, and measures of performance.

Yes [x] No [] N/A []

22. For each local grant, we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration.

Yes [x] No [] N/A []

Part VI. Reporting

23. We have had our financial statements audited in a timely manner in accordance with R.S. 24:513.

Yes [x] No [] N/A []

24. We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2): and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No [] N/A [x]

25. We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [x] No [] N/A []

26. We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes [] No [] N/A [x]

The previous responses have been made to the best of our belief and knowledge. We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the

foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur subsequent to the issuance of your report.

| | | |
|--------------------|------------------|----------------|
| <u>[Signature]</u> | Secretary/Treas. | Date |
| <u>[Signature]</u> | Treasurer-Chair | 11/6/23 Date |
| <u>[Signature]</u> | President | 11/6/2023 Date |