

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

**COMBINED FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**OPTIONS, INC. AND AFFILIATES**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying combined financial statements of Options, Inc. (a nonprofit organization), and its affiliates which comprise the combined statement of financial position as of June 30, 2018 and 2017, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

***Opinion***

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Options, Inc. and its affiliates as of June 30, 2018 and 2017, 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.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer on page 21 and the Combining Statement of Financial Position and the Combining Statement of Activities on pages 22-24 are presented for purposes of additional analysis and are 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.

*Bernard & Frankel*

Metairie, Louisiana  
December 20, 2018

OPTIONS, INC. AND AFFILIATES

COMBINED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,042,649	\$ 1,040,773
Accounts receivable		
Government contracts, less allowance for doubtful accounts	763,782	635,710
Other	37,564	167,326
Unconditional promises to give, less allowance for doubtful accounts	652,022	752,357
Inventory	6,514	6,115
Investments	258,163	509,678
Invesments-certificate of deposit	80,433	79,933
Prepaid expenses	56,434	120,132
Total current assets	<u>\$ 2,897,561</u>	<u>\$ 3,312,024</u>
<b>RESTRICTED DEPOSITS AND RESERVES</b>		
Cash restricted for endowment	\$ 13,526	\$ 13,526
Tenants' security deposits	3,140	2,540
Cash restricted for reserves	4,527	3,106
Cash restricted for residual receipts	133	-
Cash restricted for trust	13,178	-
Total restricted cash	<u>\$ 34,504</u>	<u>\$ 19,172</u>
LONG-TERM INVESTMENT-Certificates of deposit	<u>\$ 4,543</u>	<u>\$ 4,543</u>
LAND, PROPERTY AND EQUIPMENT	\$ 5,889,777	\$ 5,689,729
Less accumulated depreciation and amortization	<u>(2,530,393)</u>	<u>(2,354,103)</u>
	<u>\$ 3,359,384</u>	<u>\$ 3,335,626</u>
Total assets	<u>\$ 6,295,992</u>	<u>\$ 6,671,365</u>

	<u>2018</u>	<u>2017</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 110,573	\$ 128,747
Trust held for others	13,168	-
Other payables	24,259	20,130
Accrued salaries, leave and payroll taxes	258,428	313,218
Current portion of notes payable	8,398	25,897
Total current liabilities	<u>\$ 414,826</u>	<u>\$ 487,992</u>
<b>LONG TERM LIABILITIES</b>		
Notes payable	\$ -	\$ 7,743
Tenants' security deposits	3,140	2,540
	<u>\$ 3,140</u>	<u>\$ 10,283</u>
Total Liabilities	<u>\$ 417,966</u>	<u>\$ 498,275</u>
<b>NET ASSETS</b>		
Unrestricted	\$ 5,170,592	\$ 5,393,493
Temporarily restricted	693,908	766,071
Permanently restricted	13,526	13,526
Total net assets	<u>\$ 5,878,026</u>	<u>\$ 6,173,090</u>
Total liabilities and net assets	<u>\$ 6,295,992</u>	<u>\$ 6,671,365</u>

See Notes to Financial Statements.

OPTIONS, INC. AND AFFILIATES

COMBINED STATEMENT OF ACTIVITIES

JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT				
Revenues and gains				
Contributions and grants	\$ 123,093	\$ 30,000	\$ -	\$ 153,093
Fund-raising income	397,409	-	-	397,409
Federal contracts	6,131,597	-	-	6,131,597
State contracts	344,788	-	-	344,788
Private pay clients	214,299	-	-	214,299
Vocational rehabilitation	13,900	-	-	13,900
Vocational contracts	\$ 681,227			
Less: Cost of services	<u>(440,783)</u>			
Vocational contracts gross profit	240,444	-	-	240,444
Rental revenue	16,573	-	-	16,573
Investment income	533	-	-	533
Loss on investments	(1,368)	-	-	(1,368)
Gain on sale of asset	11,100	-	-	11,100
Other income	-	-	-	-
Net assets released from restrictions				
Expiration of use restriction-Other	<u>102,163</u>	<u>(102,163)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>\$ 7,594,531</u>	<u>\$ (72,163)</u>	<u>\$ -</u>	<u>\$ 7,522,368</u>
EXPENSES				
Program Services				
Residential services	\$ 1,338,900	\$ -	\$ -	\$ 1,338,900
Vocational services	1,845,034	-	-	1,845,034
Individualized services	2,940,047	-	-	2,940,047
Housing services	53,362	-	-	53,362
Support Services				
Management and general	1,605,708	-	-	1,605,708
Fund-raising	<u>34,381</u>	<u>-</u>	<u>-</u>	<u>34,381</u>
Total expenses	<u>\$ 7,817,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,817,432</u>
Change in net assets	\$ (222,901)	\$ (72,163)	\$ -	\$ (295,064)
Net assets at beginning of year	<u>5,393,493</u>	<u>766,071</u>	<u>13,526</u>	<u>6,173,090</u>
Net assets at end of year	<u>\$ 5,170,592</u>	<u>\$ 693,908</u>	<u>\$ 13,526</u>	<u>\$ 5,878,026</u>

See Notes to Financial Statements.

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF ACTIVITIES**  
**JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Revenues and gains				
Contributions and grants	\$ 91,703	\$ 275,762	\$ -	\$ 367,465
Fund-raising income	372,807	-	-	372,807
Federal contracts	6,389,326	-	-	6,389,326
State contracts	381,318	-	-	381,318
Private pay clients	344,946	-	-	344,946
Vocational rehabilitation	8,500	-	-	8,500
Vocational contracts	\$ 733,937			
Less: Cost of services	<u>(517,427)</u>			
Vocational contracts gross profit	216,510	-	-	216,510
Rental revenue	37,051	-	-	37,051
Investment income	(1,264)	-	-	(1,264)
Other income	9,342	-	-	9,342
Net assets released from restrictions				
Expiration of time restriction-United Way Services	-	-	-	-
Expiration of use restriction-Other	176,137	(176,137)	-	-
<b>Total revenues, gains, and other support</b>	<u>\$ 8,026,376</u>	<u>\$ 99,625</u>	<u>\$ -</u>	<u>\$ 8,126,001</u>
<b>EXPENSES</b>				
Program Services				
Residential services	\$ 1,352,329	\$ -	\$ -	\$ 1,352,329
Vocational services	2,145,063	-	-	2,145,063
Individualized services	3,169,386	-	-	3,169,386
Housing services	51,507	-	-	51,507
Support Services				
Management and General	1,622,423	-	-	1,622,423
Fund-raising	33,574	-	-	33,574
<b>Total expenses</b>	<u>\$ 8,374,282</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,374,282</u>
<b>Change in net assets</b>	<u>\$ (347,906)</u>	<u>\$ 99,625</u>	<u>\$ -</u>	<u>\$ (248,281)</u>
Net assets at beginning of year	5,741,399	666,446	13,526	6,421,371
<b>Net assets at end of year</b>	<u>\$ 5,393,493</u>	<u>\$ 766,071</u>	<u>\$ 13,526</u>	<u>\$ 6,173,090</u>

See Notes to Financial Statements.

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Program Services				Supporting Services		Total
	Residential Services	Vocational Services	Individualized Services	Housing Services	Management and General	Fund-raising	
Salaries and related expenses:							
Salaries	\$ 763,795	\$ 1,176,028	\$ 2,534,997	\$ -	\$ 719,038	\$ -	\$ 5,193,858
Employee benefits & taxes	63,296	121,083	227,428	-	318,434	-	730,241
Workers' compensation	17,318	26,664	57,477	-	16,303	-	117,762
	<u>\$ 844,409</u>	<u>\$ 1,323,775</u>	<u>\$ 2,819,902</u>	<u>\$ -</u>	<u>\$ 1,053,775</u>	<u>\$ -</u>	<u>\$ 6,041,861</u>
Bank fees	\$ 508	\$ 4,732	\$ -	\$ 199	\$ 9,553	\$ -	\$ 14,992
Cost of sales	-	405,533	-	-	35,250	-	440,783
Bad Debt	-	-	-	-	54,008	-	54,008
Bed tax	136,614	-	-	-	-	-	136,614
Crisis intervention	-	-	-	-	36,301	-	36,301
Depreciation	49,917	128,834	-	26,324	39,585	-	244,660
Dues, licenses, and subscriptions	2,945	1,992	-	-	13,613	-	18,550
Employee compliance	-	-	-	-	32,349	-	32,349
Food and supplies	70,373	2,501	-	-	6,723	-	79,597
Fund raising	-	-	-	-	-	34,381	34,381
Housekeeping supplies	13,594	4,428	3,071	-	-	-	21,093
Interest	278	479	-	-	-	-	757
Insurance							
Liability	7,496	9,083	-	-	55,488	-	72,067
Motor vehicle	12,620	78,007	-	-	501	-	91,128
Other property	31,207	19,513	-	1,026	10,097	-	61,843
Job development	-	-	-	-	1,277	-	1,277
Medical consultants	29,103	-	-	-	480	-	29,583
Medical supplies	19,339	-	-	-	95	-	19,434
Miscellaneous	-	-	-	897	15,868	-	16,765
Motor vehicle expenses	18,954	153,632	-	-	45	-	172,631
Non capital equipment	7,129	999	-	-	12,087	-	20,215
Office supplies	931	22,063	12,269	-	11,470	-	46,733
Other resident expenses	12,126	7,690	480	-	2,945	-	23,241
Other supplies	631	1,129	-	-	13,140	-	14,900
Orientation	-	-	-	-	13,947	-	13,947
Postage	8	-	-	-	6,933	-	6,941
Professional services	-	-	-	3,854	122,135	-	125,989
Rent	-	20,640	-	-	-	-	20,640
Repairs and maintenance	29,116	18,000	-	14,271	22,854	-	84,241
Telephone	7,071	13,193	7,000	3,798	12,864	-	43,926
Travel and transportation	6,955	9,426	96,565	-	9,316	-	122,262
Seminars and training	22	1,300	760	-	16,532	-	18,614
Utilities	37,554	23,618	-	2,993	31,727	-	95,892
	<u>\$ 494,491</u>	<u>\$ 926,792</u>	<u>\$ 120,145</u>	<u>\$ 53,362</u>	<u>\$ 587,183</u>	<u>\$ 34,381</u>	<u>\$ 2,216,354</u>
Less expenses (cost) deducted from revenues on statement of activities	-	(405,533)	-	-	(35,250)	-	(440,783)
Total expenses, net of cost of sales	<u>\$ 1,338,900</u>	<u>\$ 1,845,034</u>	<u>\$ 2,940,047</u>	<u>\$ 53,362</u>	<u>\$ 1,605,708</u>	<u>\$ 34,381</u>	<u>\$ 7,817,432</u>

See Notes to Financial Statements.

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Program Services			Supporting Services			Total
	Residential Services	Vocational Services	Individualized Services	Housing Services	Management and General	Fund-raising	
Salaries and related expenses:							
Salaries	\$ 779,460	\$ 1,366,062	\$ 2,684,412	\$ -	\$ 754,668	\$ -	\$ 5,584,602
Employee benefits & taxes	80,151	184,196	299,715	-	348,618	-	912,680
Workers' compensation	23,270	28,503	51,561	-	1,575	-	104,909
	<u>\$ 882,881</u>	<u>\$ 1,578,761</u>	<u>\$ 3,035,688</u>	<u>\$ -</u>	<u>\$ 1,104,861</u>	<u>\$ -</u>	<u>\$ 6,602,191</u>
Bank fees	\$ 519	\$ 6,978	\$ -	\$ -	\$ 5,975	\$ -	\$ 13,472
Cost of sales	-	504,527	-	-	12,900	-	517,427
Bad Debt	-	-	-	-	23,909	-	23,909
Bed tax	141,476	-	-	-	-	-	141,476
Crisis intervention	-	-	-	-	24,958	-	24,958
Depreciation	50,820	182,687	-	26,324	42,319	-	302,150
Dues, licenses, and subscriptions	2,520	250	-	-	14,756	-	17,526
Employee compliance	-	-	-	-	35,816	-	35,816
Food and supplies	65,205	2,227	-	-	6,713	-	74,145
Fund raising	-	-	-	-	-	33,574	33,574
Housekeeping supplies	13,776	8,335	4,370	-	-	-	26,481
Interest	694	639	-	-	-	-	1,333
Insurance							
Liability	7,496	10,305	-	-	54,944	-	72,745
Motor vehicle	11,601	80,163	-	-	3,491	-	95,255
Other property	20,300	19,705	-	1,026	7,589	-	48,620
Job development	-	-	-	-	807	-	807
Medical consultants	27,142	-	-	-	185	-	27,327
Medical supplies	21,382	549	-	-	175	-	22,106
Miscellaneous	6	-	-	805	460	-	1,271
Motor vehicle expenses	12,834	137,840	-	-	72	-	150,746
Non capital equipment	2,634	1,250	-	-	14,192	-	18,076
Office supplies	4,650	24,668	7,557	-	34,044	-	70,919
Other resident expenses	12,319	9,112	660	-	1,648	-	23,739
Other supplies	-	1,113	-	8	-	-	1,121
Orientation	-	-	-	-	22,073	-	22,073
Postage	-	13	-	-	10,224	-	10,237
Professional services	-	-	150	8,288	109,704	-	118,142
Rent	-	23,352	-	-	-	-	23,352
Repairs and maintenance	29,139	9,998	-	8,198	25,305	-	72,640
Telephone	7,615	14,770	8,024	3,703	11,934	-	46,046
Travel and transportation	1,779	9,696	112,539	-	8,194	-	132,208
Seminars and training	-	1,807	398	-	30,140	-	32,345
Utilities	35,541	20,845	-	3,155	27,935	-	87,476
	<u>\$ 469,448</u>	<u>\$ 1,070,829</u>	<u>\$ 133,698</u>	<u>\$ 51,507</u>	<u>\$ 530,462</u>	<u>\$ 33,574</u>	<u>\$ 2,289,518</u>
Less expenses (cost) deducted from							
revenues on statement of activities	-	(504,527)	-	-	(12,900)	-	(517,427)
Total expenses, net of cost of sales	<u>\$ 1,352,329</u>	<u>\$ 2,145,063</u>	<u>\$ 3,169,386</u>	<u>\$ 51,507</u>	<u>\$ 1,622,423</u>	<u>\$ 33,574</u>	<u>\$ 8,374,282</u>

See Notes to Financial Statements.

**OPTIONS, INC. AND AFFILIATES**

**COMBINED STATEMENTS OF CASH FLOWS**

**JUNE 30, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (295,064)	\$ (248,281)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	244,660	302,150
(Gain) loss on sale of assets	-	-
Unrealized loss on investments	(1,102)	13,248
(Increase) decrease in operating assets		
Accounts receivable	1,690	65,039
Promises to give	100,335	(165,762)
Accrued interest	-	-
Prepaid expenses	63,698	(75,953)
Inventory	(399)	(240)
Increase (decrease) in operating liabilities:		
Accounts payable	(18,174)	39,742
Trust held for others	13,168	-
Other payables	4,129	(1,749)
Accrued salaries and payroll taxes	(54,790)	17,201
Tenants' security deposits	600	600
Net cash provided by operating activities	\$ 58,751	\$ (54,005)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	\$ (10,500)	\$ (11,952)
Proceeds from sale of investments	251,515	-
Change in restricted cash and cash equivalents	(15,332)	(416)
Proceeds from the sale of assets	11,100	-
Payments for land, property and equipment	(268,416)	(157,264)
Net cash used in investment activities	\$ (31,633)	\$ (169,632)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments	\$ (25,242)	\$ (23,874)
Net cash provided by financing activities	\$ (25,242)	\$ (23,874)
 Net increase (decrease) in cash and cash equivalents	\$ 1,876	\$ (247,511)
Beginning cash and cash equivalents	1,040,773	1,288,284
Ending cash and cash equivalents	\$ 1,042,649	\$ 1,040,773

See Notes to Financial Statements.

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization

Options, Inc. is a private nonprofit corporation which provides quality services to the needs of people with disabilities and their families. Options, Inc. has provided quality services since 1973 in the Hammond, Louisiana area. These services include the following:

**Residential Services**

Residential services provides a home to six individuals with 24-hour, awake staff who provide training and support. Each home is located in a residential setting. The purpose is to provide individualized training, support, and a warm and nurturing home-like living arrangement.

**Vocational Services**

The purpose of vocational services is to allow persons with disabilities to develop work skills and to offer a variety of employment options, which help individuals, maximize their potential. Options, Inc. staff works with each individual to find a “job match” based on an interest and skills inventory. We assess the needs and wants of the individual, as well as the needs and wants of a business and match those needs to ensure the right fit.

**Individualized Services**

Individualized services include the following types of services:

**Children’s Choice**

The purpose of this service is to provide supplemental support services to children with disabilities, from birth to 18 years of age, who currently live at home with their families or will leave an institutional setting to return home. Services provided include: family support, crisis support, family training, diapers, home ramps, bathroom modifications, general adaptations and vehicle lifts.

**Independent Living**

The purpose of the Independent Living Program is to provide the supports needed for each individual with a disability to live in the community as independently as possible. The Independent Living Program offers individuals personalized living choices based on their needs and wants.

**Personal Care**

The purpose of the Personal Care Program is to help meet the needs of people with disabilities who live in their own home or apartment by providing assistance with daily living. We provide assistance to the primary caregiver as needed. Services may be provided to people of all ages with a disability on either an emergency or planned basis in the person’s home.

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Nature of the Organization (continued)

**Housing Services**

C'est Tres Bon!, Inc. which is an affiliate of Options, Inc. is a nonprofit corporation organized under the State of Louisiana. The affiliate was formed to design, develop, construct, own and manage housing and related facilities in Tangipahoa Parish, Louisiana and surrounding communities to serve persons with disabilities.

Foundation to Ensure the Future of Options, Inc., also an affiliate of Options, Inc., is a nonprofit corporation organized under the State of Louisiana. The affiliate was formed to generally support Options, Inc. and its clients by seeking and soliciting support, gifts and donations from individuals, corporations (businesses), and charitable foundations. The affiliate will invest the funds received and distribute those funds for the support of Options, Inc.

Basis of Presentation

The combined financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic 958, Not-for-Profit Entities. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 Options, Inc. and Affiliates 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 equivalents.

Inventory

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

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**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 and \$10,000 for the years ended June 30, 2018 and 2017, respectively.

Promises to Give

Unconditional promises to give are recorded as receivables and revenue when received. The Organization distinguishes between contributions received for each net asset category with donor-imposed restrictions. Pledges are recorded after being discounted to the anticipated net present value of future cash flows.

Concentrations

The Organization's primary source of revenue is Medicaid (Title XIX) revenue. For the fiscal year ended June 30, 2018 and 2017, \$6,106,994 and \$6,389,326, or 77% and 75% of the Organization's total gross revenue was from Title XIX. Additionally, \$681,227 and \$733,937 9% and 9% of the total gross revenue was from small business contracts. The Organization also had private pay client revenue of \$214,299 and \$344,946 or 3% and 4% of total gross revenue. The contribution revenue was \$550,502 and \$740,272 or 7% and 9% of total gross revenue. The Organization also had state contracts in the amount of \$344,788 and \$381,318 or 4% and 4% of gross revenue. The remaining \$65,351 and \$45,129 or 1% and 1% of the total gross revenue was from various activities, including vocational rehabilitation, HUD housing, investment related income, and other miscellaneous income.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Estimates

Management uses estimates and assumptions in preparing 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.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 financial statements. The Organization's Federal Exempt Information Returns (Form 990) for 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after they were filed.

Fair Value

Accounting Standard Codification (ASC) *Fair Value Measurements* establishes a framework for measuring fair value in accordance with Generally Accepted Accounting Principles (GAAP) and disclosures about the fair value measurements. The valuation hierarchy is based upon the reliability of inputs to the valuation of an asset or liability on the measurement date. The three levels of the fair value hierarchy are described below:

LEVEL 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

LEVEL 2

Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

LEVEL 3

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

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Assets and liabilities measured at fair value are based on one or more of three valuation techniques noted in the standard. The three valuation techniques are as follows:

- Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach – Amount that would be required to replace the service capacity of an asset (i.e. replacement cost); and
- Income approach - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

Certificates of deposit

Certificates of deposit held for investment that are not debt securities are included in “investments-certificate of deposit” or “long-term investments-certificates of deposit”. The certificates of deposit have various remaining maturity dates and are classified appropriately on the statement of financial position.

Investments

The Organization holds investments in stocks and government securities and carries such investments at current quoted prices in active markets (Level 1 measurements). Investment income is reported as increases in unrestricted net assets in the reporting period in which the income and gains are recognized.

Property and Equipment

All acquisitions of property and equipment in excess of \$2,000 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.

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Support and Revenue

Options, Inc. received grant and contract support primarily from the State Department of Health and Hospitals, Office for Citizens with Developmental Disabilities, and Louisiana Rehabilitation Services. Support received from those grants and contracts is recognized when it is earned. The Organization also received client fees and Medicaid income for billable client services. Support, fees and income received from these sources is recognized when it is earned.

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.

The Organization uses the direct write-off method to provide for uncollectible accounts. The use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account in the name of the Organization. At June 30, 2018 and 2017, the Organization had \$3,140 and \$2,540 in tenant security deposits, respectively.

New Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not for-Profit Entities*, which simplifies and improves how a nonprofit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017, with early adoption permitted. Management is currently evaluating the impact the adoption of this guidance will have on its financial statements.

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires that lessees to recognize right-of-use assets and lease liabilities for all leases with terms longer than 12 months. The ASU is effective for the Organization for the year ending December 15, 2019. The adoption of this standard is expected to result in the Organization's recognizing right-of-use assets and lease liabilities for some leases currently accounted for as operating leases under the legacy lease accounting guidance. Management is evaluating the impact of this standard on the Organization's financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU amends the existing accounting standards for revenue recognition, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

**NOTE 2. CASH AND CASH EQUIVALENTS**

Options, Inc. 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, 2018 and 2017 by \$791,138 and \$725,980, 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, 2018 and 2017, held with various financial institutions, was \$84,976 and \$84,476.

The Organization holds several certificates of deposit with maturity dates from July 2018 through March 2020 bearing annual interest rates ranging from .30% to .80%.

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 4. INVESTMENTS**

For the years ended June 30, 2018 and 2017, the Organization had investments as follows:

	<u>2018</u>	<u>2017</u>
Government securities	\$ 256,732	\$ 508,316
Stock	1,431	1,362
Total investments	<u>\$ 258,163</u>	<u>\$ 509,678</u>

A summary of return on investments consists of the following for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Government securities		
Unrealized loss	\$ (1,368)	\$ (13,737)
Interest and dividends	533	12,473
Total return on investment	<u>\$ (835)</u>	<u>\$ (1,264)</u>

**NOTE 5. FAIR VALUE**

The following tables set forth by level, within the fair value hierarchy, the Organization's investment assets at fair value for the year ended June 30, 2018:

	Total Assets Measured At Fair Value	Based On		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>Recurring fair value measurements</u>				
Government Securities:				
Franklin Adj US Gov Securities Fd A	\$ 122,580	\$ 122,580	\$ -	\$ -
Franklin US Government Securities A	134,152	134,152	-	-
Stock:				
First Guaranty Bancshares, Inc.	1,431	1,431	-	-
Total	<u>\$ 258,163</u>	<u>\$ 258,163</u>	<u>\$ -</u>	<u>\$ -</u>

The following tables set forth by level, within the fair value hierarchy, the Organization's investment assets at fair value for the year ended June 30, 2017:

	Total Assets Measured At Fair Value	Based On		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>Recurring fair value measurements</u>				
Government Securities:				
Franklin Adj US Gov Securities Fd A	\$ 246,846	\$ 246,846	\$ -	\$ -
Franklin US Government Securities A	261,448	261,448	-	-
Stock:				
First Guaranty Bancshares, Inc.	1,362	1,362	-	-
Total	<u>\$ 509,656</u>	<u>\$ 509,656</u>	<u>\$ -</u>	<u>\$ -</u>

Interest income from all sources totaled \$533 and \$12,473 for the years ended June 30, 2018 and 2017, respectively.

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 6. UNCONDITIONAL PROMISES TO GIVE**

At June 30, 2018 and 2017, the Organization received unconditional promises to give.

The amounts due from contribution sources consist of the following:

	<u>2018</u>	<u>2017</u>
Vocational program support	\$ -	\$ 100,000
Less: Allowance for uncollectible amount	-	-
	<u>\$ -</u>	<u>\$ 100,000</u>

The promises to give related to the annual fundraising campaign are as follows:

	<u>2018</u>	<u>2017</u>
In one year or less	\$ 267,735	\$ 225,274
Between one and five years	<u>528,530</u>	<u>542,320</u>
	796,265	767,594
Less discounts to net present value	(109,926)	(80,902)
Less allowance for uncollectible promises to give	<u>(34,317)</u>	<u>(34,335)</u>
	<u>\$ 652,022</u>	<u>\$ 652,357</u>

Promises to give that will be received in more than one year are discounted at 5%.

	<u>2018</u>	<u>2017</u>
Contribution sources	\$ -	\$ 100,000
Annual fundraising campaign	<u>652,022</u>	<u>652,357</u>
Total promises to give	<u>\$ 652,022</u>	<u>\$ 752,357</u>

**NOTE 7. PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 635,474	\$ 635,474
Buildings & improvements	3,585,176	3,580,826
Furniture & fixtures	432,354	236,656
Software	48,100	48,100
Vehicles	<u>1,188,673</u>	<u>1,188,673</u>
	\$ 5,889,777	\$ 5,689,729
Less: Accumulated depreciation	<u>(2,530,393)</u>	<u>(2,354,103)</u>
	<u>\$ 3,359,384</u>	<u>\$ 3,335,626</u>

Depreciation expense totaled \$244,660 and \$302,150 for the years ended June 30, 2018 and 2017, respectively.

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 8. TRUST ACCOUNT**

Options, Inc. has implemented a special needs trust to hold funds for individuals with developmental special needs. All of the funds held in the trust are for clients of the Organization. The trust balance was \$13,168 and \$0, at June 30, 2018 and 2017.

**NOTE 9. LEASES**

Options, Inc. has three leases that are cancelable with one month's notice by either party. The Organization also had a monthly booth rental fee of \$100 a month that began on February 1, 2017 for client sales. For the years ending June 30, 2018 and 2017 the total lease expense was \$20,640 and \$23,352, respectively.

**NOTE 10. ACCRUED LEAVE**

Options, Inc.'s employees can earn paid vacation after successful completion of six months 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	6.67 to 14 hours per month up to a maximum of 120 hours
35-39 hour employees	5.8 to 12.25 hours per month up to a maximum of 120 hours

Accrued leave recorded at June 30, 2018 and 2017 was \$79,571 and \$75,497, respectively.

**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 90 days. Employees can use the employer contribution for term life insurance, health insurance, dependent care and medical expenses.

**NOTE 12. LINE OF CREDIT**

The Organization has a \$250,000 line of credit bearing interest at 4.75% on any outstanding balances at June 30, 2018, and is secured by all present and future deposit accounts the Organization has with the lender. As of June 30, 2018 and 2017, \$250,000 is available. There was no interest expense for the years ended June 30, 2018 and 2017.

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 13. NOTES PAYABLE**

A summary of notes payable as of June 30, 2018, is as follows:

2.9% note payable to Whitney Bank, payable \$791 per month, principal and interest. The loan is collateralized by one of the Organization's vehicles.	\$ 1,267
2.9% note payable to Whitney Bank, payable \$1,310 per month, principal and interest. The loan is collateralized by one of the Organization's vehicles.	<u>7,131</u>
	<u>\$ 8,398</u>

**NOTE 14. TEMPORARILY RESTRICTED NET ASSETS**

At June 30, 2018 and 2017, Options, Inc. had \$693,908 and \$766,071 respectively, in temporarily restricted net assets. Temporarily restricted net assets are available for the following purposes or periods:

	2018	2017
Vocational program support	\$ 41,886	\$ 113,714
Pledges	<u>652,022</u>	<u>652,357</u>
	<u>\$ 693,908</u>	<u>\$ 766,071</u>

**NOTE 15. PERMANENTLY RESTRICTED NET ASSETS**

The endowment fund is a permanently restricted investment fund resulting from a donor's restrictions that only the interest from the investment may be used for operations of Options, Inc. At June 30, 2018 and 2017, the restricted balance in this fund was \$13,526.

**NOTE 16. 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, 2018 and 2017 was \$12,244 and \$14,310, respectively.

**NOTE 17. COMPENSATION**

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

**OPTIONS, INC. AND AFFILIATES**  
**COMBINED NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 18. CONTINGENCIES**

The Organization's insurance carrier is negotiating a potential lawsuit pertaining to a liability issue in which a client passed away while in the care of the Organization. The estate of the client is alleging that the Organization is liable for damages resulting from their care of this client. Management believes the losses, if any, will be covered by insurance coverage in force at the time of the incident.

**NOTE 19. SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 20, 2018, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**OPTIONS, INC. AND AFFILIATES**  
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER**  
**PAYMENTS TO EXECUTIVE DIRECTOR**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Agency Head Name: Sylvia Bush, Executive Director

<u>Purpose:</u>	<u>Amount</u>
Salary	\$ 83,145
Benefits-insurance	6,261
Benefits-retirement	1,665
Total	<u>\$ 91,071</u>

**OPTIONS, INC. AND AFFILIATES**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**

	Options, Inc.	C'est Tres Bon!, Inc	Foundation to Ensure the Future of Options, Inc.	Subtotal	Eliminations	Combined
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 979,874	\$ 51,464	\$ 11,311	\$ 1,042,649	\$ -	\$ 1,042,649
Accounts receivable						
Government contracts	763,782	-	-	763,782	-	763,782
Other	35,090	2,474	-	37,564	-	37,564
Unconditional promises to give	652,022	-	-	652,022	-	652,022
Inventory	6,514	-	-	6,514	-	6,514
Investments	258,163	-	-	258,163	-	258,163
Investments-certificate of deposit	80,433	-	-	80,433	-	80,433
Prepaid expenses	56,434	-	-	56,434	-	56,434
Total current assets	<u>\$ 2,832,312</u>	<u>\$ 53,938</u>	<u>\$ 11,311</u>	<u>\$ 2,897,561</u>	<u>\$ -</u>	<u>\$ 2,897,561</u>
<b>RESTRICTED ASSETS</b>						
Cash restricted for endowment	\$ 13,526	\$ -	\$ -	\$ 13,526	\$ -	\$ 13,526
Tenants' security deposits	-	3,140	-	3,140	-	3,140
Cash restricted for reserves	-	4,527	-	4,527	-	4,527
Cash restricted for residual receipts	-	133	-	133	-	133
Cash restricted for trust	-	-	13,178	13,178	-	13,178
Total restricted cash	<u>\$ 13,526</u>	<u>\$ 7,800</u>	<u>\$ 13,178</u>	<u>\$ 34,504</u>	<u>\$ -</u>	<u>\$ 34,504</u>
LONG-TERM INVESTMENT-Certificates of deposit	\$ -	\$ 4,543	\$ -	\$ 4,543	\$ -	\$ 4,543
<b>LAND, PROPERTY AND EQUIPMENT</b>						
Land, property and equipment	\$ 5,126,512	\$ 763,265	\$ -	\$ 5,889,777	\$ -	\$ 5,889,777
Less accumulated depreciation and amortization	(2,427,291)	(103,102)	-	(2,530,393)	-	(2,530,393)
	<u>\$ 2,699,221</u>	<u>\$ 660,163</u>	<u>\$ -</u>	<u>\$ 3,359,384</u>	<u>\$ -</u>	<u>\$ 3,359,384</u>
<b>Total assets</b>	<u><u>\$ 5,545,059</u></u>	<u><u>\$ 726,444</u></u>	<u><u>\$ 24,489</u></u>	<u><u>\$ 6,295,992</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,295,992</u></u>

**OPTIONS, INC. AND AFFILIATES**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**  
**(CONTINUED)**

	Options, Inc.	C'est Tres Bon!, Inc	Foundation to Ensure the Future of Options, Inc.	Subtotal	Eliminations	Combined
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 88,094	\$ 22,479	\$ -	\$ 110,573	\$ -	\$ 110,573
Trust held for others	-	-	13,168	13,168	-	13,168
Other payables	23,969	-	290	24,259	-	24,259
Accrued salaries and payroll taxes	258,428	-	-	258,428	-	258,428
Due to Options, Inc.	-	-	-	-	-	-
Current portion of notes payable	8,398	-	-	8,398	-	8,398
Total current liabilities	<u>\$ 378,889</u>	<u>\$ 22,479</u>	<u>\$ 13,458</u>	<u>\$ 414,826</u>	<u>\$ -</u>	<u>\$ 414,826</u>
<b>LONG TERM LIABILITIES</b>						
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tenants' security deposits	-	3,140	-	3,140	-	3,140
Total long term liabilities	<u>\$ -</u>	<u>\$ 3,140</u>	<u>\$ -</u>	<u>\$ 3,140</u>	<u>\$ -</u>	<u>\$ 3,140</u>
Total liabilities	<u>\$ 378,889</u>	<u>\$ 25,619</u>	<u>\$ 13,458</u>	<u>\$ 417,966</u>	<u>\$ -</u>	<u>\$ 417,966</u>
<b>NET ASSETS</b>						
Unrestricted	\$ 4,458,746	\$ 700,825	\$ 11,021	\$ 5,170,592	\$ -	\$ 5,170,592
Temporarily restricted	693,908	-	-	693,908	-	693,908
Permanently restricted	13,526	-	-	13,526	-	13,526
Total net assets	<u>\$ 5,166,180</u>	<u>\$ 700,825</u>	<u>\$ 11,021</u>	<u>\$ 5,878,026</u>	<u>\$ -</u>	<u>\$ 5,878,026</u>
Total liabilities and net assets	<u>\$ 5,545,069</u>	<u>\$ 726,444</u>	<u>\$ 24,479</u>	<u>\$ 6,295,992</u>	<u>\$ -</u>	<u>\$ 6,295,992</u>

**OPTIONS, INC. AND AFFILIATES**  
**COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Options, Inc.	C'est Tres Bon!, Inc	Foundation to Ensure the Future of Options, Inc.	Subtotal	Eliminations	Combined
<b>REVENUES, GAINS AND OTHER SUPPORT</b>						
Revenues and gains						
Contributions and grants	\$ 153,093	\$ -	\$ -	\$ 153,093	\$ -	\$ 153,093
Fund-raising income	397,409	-	-	397,409	-	397,409
Federal contracts	6,106,994	24,603	-	6,131,597	-	6,131,597
State contracts	344,788	-	-	344,788	-	344,788
Private pay clients	214,299	-	-	214,299	-	214,299
Vocational rehabilitation	13,900	-	-	13,900	-	13,900
Vocational contracts	\$ 681,227					
Less: Cost of services	(440,783)					
Vocational contracts gross profit	240,444	-	-	240,444	-	240,444
Rental revenue	-	16,573	-	16,573	-	16,573
Investment income	526	1	6	533	-	533
Loss on investments	(1,368)			(1,368)		(1,368)
Gain on sale of asset	11,100			11,100		11,100
Other income	(2,050)	2,050	-	-	-	-
Total revenues, gains, and other support	<u>\$ 7,479,135</u>	<u>\$ 43,227</u>	<u>\$ 6</u>	<u>\$ 7,522,368</u>	<u>\$ -</u>	<u>\$ 7,522,368</u>
<b>EXPENSES</b>						
Program Services						
Residential services	\$ 1,338,900	\$ -	\$ -	\$ 1,338,900	\$ -	\$ 1,338,900
Vocational services	1,845,034	-	-	1,845,034	-	1,845,034
Individualized services	2,940,047	-	-	2,940,047	-	2,940,047
Housing services	-	53,362	-	53,362	-	53,362
Support Services						
Management and general	1,605,123	-	585	1,605,708	-	1,605,708
Fund-raising	34,381	-	-	34,381	-	34,381
Total expenses	<u>\$ 7,763,485</u>	<u>\$ 53,362</u>	<u>\$ 585</u>	<u>\$ 7,817,432</u>	<u>\$ -</u>	<u>\$ 7,817,432</u>
Change in net assets	\$ (284,350)	\$ (10,135)	\$ (579)	\$ (295,064)	\$ -	\$ (295,064)
Net assets at beginning of year	5,450,530	710,960	11,600	6,173,090	-	6,173,090
Net assets at end of year	<u>\$ 5,166,180</u>	<u>\$ 700,825</u>	<u>\$ 11,021</u>	<u>\$ 5,878,026</u>	<u>\$ -</u>	<u>\$ 5,878,026</u>

**GOVERNMENT AUDITING STANDARDS  
COMPLIANCE REPORTS**



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

To the Board of Directors  
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 combined financial statements of Options, Inc. and Affiliates (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2018 and 2017, and the related combined statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered Options Inc. and Affiliate's internal control over financial reporting (internal control) to determine the 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 Options, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

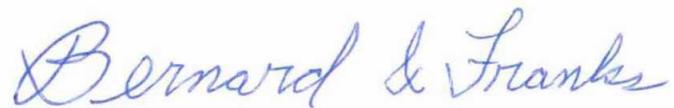
## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Options Inc. and affiliate's combined 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

This report is intended for the information of the Board of Directors, management, 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.

A handwritten signature in blue ink that reads "Bernard & Franks". The signature is written in a cursive, flowing style.

Metairie, Louisiana  
December 20, 2018

**OPTIONS, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2018**

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting

- Material Weakness (es) identified? \_\_\_\_\_ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness \_\_\_\_\_ Yes X None reported

Noncompliance material to the financial statements noted? \_\_\_\_\_ Yes X No

Federal Awards

The Organization did not expend more than \$750,000 in federal awards during the year ended June 30, 2018, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations.

**Section II – Internal Control over Financial Reporting and Compliance and Other Matters  
Material to the Basic Financial Statements**

**Internal Control over Financial Reporting**

There were no findings noted during the audit for the year ended June 30, 2018 related to internal control over financial reporting.

**Compliance and Other Matters**

There were no findings of internal control and compliance during the audit regarding federal awards for the year ended June 30, 2018.

**Section III - Federal Award Findings and Questioned Costs**

Not applicable.

## **REPORTS BY MANAGEMENT**

**OPTIONS, INC. AND AFFILIATES**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

**YEAR ENDED JUNE 30, 2018**

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

**Internal Control over Financial Reporting**

There were no findings regarding internal controls over financial reporting reported during the audit for the financial statements for the year June 30, 2017.

**Compliance and Other Matters**

No compliance findings material to the financial statements were reported during the audit for the financial statements for the year June 30, 2017.

**Section II - Internal Control and Compliance Material to Federal Awards**

There were no findings of internal control and compliance during the audit regarding federal awards for the year ended June 30, 2017.

**Section III - Management Letter**

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2017.

**OPTIONS, INC. AND AFFILIATES  
MANAGEMENT'S CORRECTIVE ACTION PLAN**

**YEAR ENDED JUNE 30, 2018**

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

**Internal Control over Financial Reporting**

No material weaknesses were reported during the audit of the financial statements for the year ended June 30, 2018.

No significant deficiencies were reported during the audit of the financial statements for the year ended June 30, 2018.

**Compliance and Other Matters**

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2018.

**Section II - Internal Control and Compliance Material to Federal Awards**

The Organization did not expend more than \$750,000 in federal awards during the year ended June 30, 2018, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Government, and Non-Profit Organizations.

**Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2018.

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

12/28/2018 (Date Transmitted)

Bernard and Franks, A Corporation of CPA's (CPA Firm Name)

4141 Veterans Boulevard, Suite 313 (CPA Firm Address)

Metairie, LA 70002 (City, State Zip)

In connection with your audit of our financial statements as of Options, Inc. and for June 30, 2018 (period of audit) 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 December 3, 2018 (date completed/date of the representations).

**PART I. Agency Profile**

1. Name and address of the organization.

Options, Inc.

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 1, 2017-June 30, 2018

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

501 (c)(3)

5. Briefly describe the public services provided.

OPTIONS is a non-profit agency (501c3) which was started in 1973 by parents looking for community based services for their children with disabilities. OPTIONS exists to provide people with developmental disabilities such as autism, cerebral palsy, intellectual disabilities, epilepsy and spina bifida with meaningful, daily activities that help them to live and work in the community, giving them self-esteem and a reason to get up in the morning. OPTIONS assists almost 200 men and women with disabilities (program participants) through a variety of services including life skills education, meaningful work and activities, residential living, job placement and vocational training, transportation, and enrichment/community inclusion programs. OPTIONS program participants are often low income with limited resources. OPTIONS takes care of them, supporting them when their families are no longer able and assisting with their developing health needs related to aging

6. Expiration date of current elected/appointed officials' terms. \*\*see attached

**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  No

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

Yes  No

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

Yes  No

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

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

Yes  No

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

Yes  No

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

Yes  No

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

Yes  No

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

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

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

Yes  No

**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

**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.**

Not Applicable

Yes [ ] No [ ]

**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 [ ]

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 [ ]

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 [ ]

**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 [ ]

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).

Not Applicable

Yes [ ] No [ ]

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 [ ]

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.

  
\_\_\_\_\_  
Secretary/Treasurer 12/20/2018 Date

  
\_\_\_\_\_  
President/CEO 12/20/18 Date

2018-2019 Board of Directors Contact Info

12/20/2018

First Name	Last Name	Start	Exp. Date	Affiliation with Options	Address	Contact #	Email Address
Matt	Alombro	2014	2020	Louisiana's 1st Choice Auto Auction	42309 Penrose St., Ponchatoula, LA 70454	985-634-9809	<a href="mailto:matt@lafcaa.com">matt@lafcaa.com</a>
Randy	Bracy	2013	2019	Bracy's Nursery	64624 Dummyline Road, Amite, LA 70422	985-748-3999	<a href="mailto:randy@bracys.com">randy@bracys.com</a>
Sylvia	Bush	n/a	n/a	OPTIONS President/ CEO (OPTIONS employee)	47152 Ewing Lane, Tickfaw, LA 70466	985-969-7447	<a href="mailto:sbush@options4u.org">sbush@options4u.org</a>
Sue	Bush	n/a	n/a	OPTIONS Fiscal Officer (OPTIONS consultant)	14336 Hickory Dr. Ponchatoula, LA 70454	985-351-1664	<a href="mailto:suebush@options4u.org">suebush@options4u.org</a>
Matthew	Cotton	2013	2019	Chair/Edward Jones	1250 SW Railroad Ave., Hammond, LA 70403	985-542-2525	<a href="mailto:matthew.cotton@edwardjones.com">matthew.cotton@edwardjones.com</a>
Patrick	Coudrian	2016	2019	Secretary-Treasurer/Cashe, Coudrain, & Sandage	106 S. Magnolia St., Hammond, La 70403	985-351-0710	<a href="mailto:pgc@ccsattorneys.com">pgc@ccsattorneys.com</a>
Eric	Dosch	2013	2019	Vice Chair/First Guaranty Bank	812 W. Colorado, Hammond, LA 70401	985-507-2633	<a href="mailto:ejdosch@fgb.net">ejdosch@fgb.net</a>
Dawn	Forshag-Cazedessus	2017	2019	Keller Williams Real Estate	215 N 6th St, Poncahtoula, LA 70454	504- 559-0548	<a href="mailto:dawnforshag@gmail.com">dawnforshag@gmail.com</a>
Laurie	Johnson	2018	2020	K-Team Printing	16 Verret St., Kenner, La 70465	504-466-1456	<a href="mailto:ljohnson55@aif.net">ljohnson55@aif.net</a>
Andrea	Kopfler	2018	2020	Bra La Vie	470 Palace Dr., Hammond, La 70403	985-974-1005	<a href="mailto:andrea@bralavie.com">andrea@bralavie.com</a>
John	Martinez	2017	2019	Liaison with Advisory Board/Attorney	2023 Green Ct., Mandeville, LA 70448	504-343-3925	<a href="mailto:Martinezjohn@bellsouth.net">Martinezjohn@bellsouth.net</a>
John	Poteet	2007	2019	OPTIONS Past President/LA's 1st Choice Auto Auction	17636 Ridewood Drive Hammond, LA 70403	985-542-8749	<a href="mailto:johnpoteet@msn.com">johnpoteet@msn.com</a>
Paul	Titus III	2017	2019	Cretin Townsend Homes	801 W Dakota St, Hammond, LA 7040	985-960-0519	<a href="mailto:paul@mybuildercares.com">paul@mybuildercares.com</a>
Legal	Counsel	n/a	n/a	n/a	n/a	n/a	n/a

answer to question 2 & 6- SB