

**OPTIONS FOUNDATION, INC.  
BATON ROUGE, LOUISIANA**

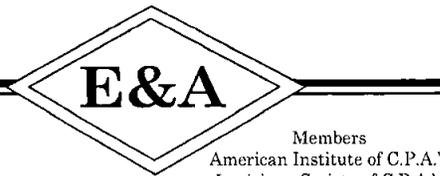
**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of

Options Foundation, Inc.

**Report on the Financial Statements**

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

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

Management is responsible for the preparation and fair presentation of these 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Options Foundation, Inc. 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.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of 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 February 6, 2019, on our consideration of Options Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Foundation, Inc.'s internal control over financial reporting and compliance.

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

Ehricht & Associates, LLC

Baton Rouge, Louisiana

February 6, 2019

**FINANCIAL STATEMENTS**

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

	<b><u>ASSETS</u></b>	
	<u>2018</u>	<u>2017</u>
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 34,884	\$ 8,037
Cash - resident funds	186,126	141,308
Cash - Progressive Bingo	27,650	43,950
Contract receivables	163,714	173,477
Other current assets	<u>58,637</u>	<u>42,387</u>
<u>Total current assets</u>	<u>471,011</u>	<u>409,159</u>
<b><u>Fixed Assets</u></b>		
Land	88,325	88,325
Buildings	846,663	846,663
Vehicles	50,397	50,397
Furniture and Fixtures	82,719	77,163
Improvements	97,605	97,155
Computers and Equipment	<u>626,143</u>	<u>626,143</u>
	<u>1,791,852</u>	<u>1,785,846</u>
Accumulated Depreciation	<u>(1,053,444)</u>	<u>(926,674)</u>
<u>Total fixed assets</u>	<u>738,408</u>	<u>859,172</u>
<b><u>Other Assets</u></b>		
Deposits	8,612	8,612
Goodwill net of \$33,600 amortization for 2018/\$33,600 for 2017	-	-
Due from Related Companies	<u>425,754</u>	<u>310,550</u>
<u>Total Other Assets</u>	<u>434,366</u>	<u>319,162</u>
<u>Total Assets</u>	<u>\$ 1,643,785</u>	<u>\$ 1,587,493</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 369,828	\$ 192,627
Short-term notes payable	57,738	42,091
Notes payable - current portion	93,823	90,680
Other accrued expenses	55,602	42,648
Resident funds payable	186,127	141,308
Progressive Bingo liability	27,650	43,950
Accrued wages	19,887	20,727
Payroll taxes and related payables	138,887	138,887
Sevenoaks Factor Credit Line	<u>24,232</u>	<u>-</u>
<u>Total current liabilities</u>	<u>973,774</u>	<u>712,918</u>
<b><u>Long Term Liabilities</u></b>		
Notes payable	<u>768,660</u>	<u>876,839</u>
<u>Total liabilities</u>	<u>1,742,434</u>	<u>1,589,757</u>
<b><u>Net Assets</u></b>		
Unrestricted	<u>(98,649)</u>	<u>(2,264)</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 1,643,785</u>	<u>\$ 1,587,493</u>

The accompanying notes are an integral part of these statements.

OPTIONS FOUNDATION, INC.  
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

CHANGES IN UNRESTRICTED NET ASSETS

<u>Revenues and Gains</u>	<u>2018</u>	<u>2017</u>
Unrestricted Support Revenues:		
Grant-Office of Mental Health-River Oaks	\$ 315,972	\$ 332,344
Grant-HUD/City of Baton Rouge-Options Villa	179,248	212,307
Rent Income-River Oaks	114,350	118,250
Rent Income-Options Villa	86,073	68,393
Rent Income-Options West	10,756	9,069
Rent Income-Options East	10,224	6,844
Rent Income Bayou Bingo	117,476	132,548
Income EVG BB	494,375	666,099
Income EVG Drusilla	379,087	405,693
Rent Drusilla Hall	80,909	100,958
Donations	30,029	44,144
Management Fees	93,285	100,910
Charitable Gaming	139,588	97,286
Vending Income	464	3,859
Insurance EVG BB	19,002	-
Other	4,555	4,043
<u>Total Revenues and Gains</u>	<u>\$ 2,075,393</u>	<u>\$ 2,302,747</u>

The accompanying notes are an integral part of these statements.

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

**CHANGES IN UNRESTRICTED NET ASSETS-continued**

<u>Expenses</u>	<u>2018</u>	<u>2017</u>
Program Services:		
River Oaks	\$ 418,300	\$ 378,915
Options Villa	279,519	267,313
Options West	9,729	9,014
Options East	22,320	15,172
Support Services:		
Management and General	-	-
Bayou Bingo	97,905	96,086
LSU Bingo	13,593	15,252
Donations	-	-
Other	-	-
EVG BB	663,307	803,915
EVG Drusilla	524,125	545,654
Drusilla Hall	61,486	74,396
Vending	506	3,246
State LHC HUD Passthrough Grant	-	-
Charitable Gaming	80,988	81,672
<u>Total Expenses</u>	<u>2,171,778</u>	<u>2,290,635</u>
<u>Increase (decrease) in Unrestricted Net Assets</u>	(96,385)	12,112
<u>Net Assets - beginning of period</u>	<u>(2,264)</u>	<u>(14,376)</u>
<u>Net Assets - end of period</u>	<u>\$ (98,649)</u>	<u>\$ (2,264)</u>

The accompanying notes are an integral part of these statements.

OPTIONS FOUNDATION, INC.  
BATON ROUGE, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

<u>Expenses</u>	<u>River</u> <u>Oaks</u>	<u>Options</u> <u>Villa</u>	<u>Options</u> <u>West</u>	<u>Options</u> <u>East</u>	<u>EVG</u> <u>BB</u>	<u>EVG</u> <u>Drusilla</u>	<u>Charitable</u> <u>Gaming</u>	<u>Management</u> <u>and General</u>	<u>Drusilla</u> <u>Hall</u>	<u>Bayou</u> <u>Bingo</u>	<u>LSU</u> <u>Bingo</u>	<u>Vending</u>	<u>2018</u> <u>Total</u>
Auto mileage	\$ -	\$ 132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132
Advertising	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-
Audit	-	-	-	-	-	-	-	12,000	-	-	-	-	12,000
Bank and billing charges	-	-	-	-	163	1,531	-	2,894	-	-	-	-	4,588
Bookkeeping	-	-	-	-	-	-	-	9,299	-	-	-	-	9,299
Consulting Fees	-	-	-	-	-	-	-	-	-	-	589	-	589
Contact Services	3,752	156	-	-	-	-	2,100	24,076	-	-	-	-	30,084
Charities Expense	-	-	-	-	248,887	185,643	-	-	-	-	-	-	434,530
Data Internet	6,604	4,486	-	-	32,004	35,200	-	7,188	-	-	-	-	85,482
Depreciation	45	21,695	-	7,267	41,501	43,954	-	1,610	-	10,698	-	-	126,770
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Education	599	114	-	-	-	-	-	-	-	-	-	-	713
Equipment/Copier/rent	609	1,214	-	-	-	-	-	-	-	-	-	-	1,823
Food Supply	24,464	1,050	-	-	-	-	-	-	-	-	-	-	25,514
Fuel	8,985	-	-	-	-	-	-	-	-	-	-	-	8,985
Insurance Group Health	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance - General Liability	3,187	7,443	2,211	633	2,468	2,468	-	10,043	-	-	-	-	28,453
Insurance Property	2,905	5,723	315	543	-	-	-	2,432	-	-	-	-	11,918
Insurance Workers Compensation	2,022	1,277	-	-	1,064	1,064	213	2,833	-	-	-	-	8,473
Insurance - Auto	17,980	-	-	-	-	-	-	-	-	-	-	-	17,980
Insurance D&O	-	-	-	-	-	-	-	7,442	-	-	-	-	7,442
Interest	4,929	789	-	-	4,077	12,956	-	-	-	-	5,673	-	28,424
Miscellaneous	-	-	-	-	-	-	-	13,358	-	-	-	-	13,358
Office Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Taxes	12,518	6,598	-	-	5,784	3,305	839	6,637	-	-	-	-	35,681
Payroll Fees	-	-	-	-	619	464	505	2,766	-	-	-	-	4,354
Pest Control	1,490	2,240	-	-	-	50	-	(443)	-	150	-	-	3,487
Progressive Bingo	-	-	-	-	-	-	10,150	-	-	-	-	-	10,150
Regulatory Fees	-	-	-	-	28,697	22,676	-	-	-	-	-	-	51,373
Rent	42,000	-	-	-	20,784	-	23,778	42,000	40,411	51,600	-	-	220,573
Repairs & Maintenance	29,778	45,276	3,448	9,551	725	300	-	4,544	-	1,076	6,849	-	101,547
Salaries	154,381	88,920	-	-	85,711	56,913	9,318	178,709	-	-	-	-	573,952
Sessions Bank	-	-	-	-	-	-	707	-	-	-	-	-	707
Software Licenses	-	-	-	-	32,863	25,823	-	-	-	-	-	-	58,686
Supplies	1,727	313	-	-	35,967	34,128	6,555	5,137	-	-	-	424	84,251
Security	-	-	-	-	34,758	26,292	-	66	-	-	-	-	61,116
Taxes and licenses	381	-	-	-	-	-	2,100	-	-	-	-	-	2,481
Telecommunications	-	-	-	-	-	-	-	4,175	-	4,475	-	-	8,650
Pass Through Expenses Grant	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Overhead Allocation	76,220	46,994	1,905	1,811	87,235	67,476	24,724	(341,586)	14,331	20,808	-	82	-
Utilities	23,723	45,099	1,849	2,515	-	3,882	-	4,820	6,744	9,098	482	-	98,212
	\$ 418,299	\$ 279,519	\$ 9,728	\$ 22,320	\$ 663,307	\$ 524,125	\$ 80,989	\$ -	\$ 61,486	\$ 97,905	\$ 13,593	\$ 506	\$ 2,171,777

The accompanying notes are an integral part of these statements.

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Expenses	River Oaks	Options Villa	Options West	Options East	EVG BB	EVG Drusilla	Charitable Gaming	Management and General	Drusilla Hall	Bayou Bingo	LSU Bingo	Vending	2016 Total
Auto mileage	\$ 708	\$ 229	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 937
Advertising	-	-	-	-	-	125	-	300	-	-	-	-	425
Amortization of Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-
Audit	-	-	-	-	-	-	-	12,000	-	-	-	-	12,000
Bank and billing charges	-	-	-	-	208	1,075	-	2,846	-	-	-	-	4,129
Bookkeeping	-	-	-	-	-	-	-	9,508	-	-	-	-	9,508
Consulting Fees	-	-	-	-	-	-	-	3,750	-	-	-	-	3,750
Contact Services	4,338	2,041	-	-	-	-	2,100	29,742	-	-	-	-	38,221
Charities Expense	-	-	-	-	331,370	201,916	-	-	-	-	-	-	533,286
Data Internet	5,891	3,981	-	-	32,003	35,033	-	7,283	-	-	-	-	84,191
Depreciation	45	21,458	-	7,267	41,501	2,423	-	1,363	-	12,273	-	-	86,330
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Education	99	120	-	-	-	-	-	-	-	-	-	-	219
Equipment/Copier/rent	609	1,332	-	-	-	-	-	-	-	-	-	-	1,941
Food Supply	23,130	2,021	-	-	-	-	-	-	-	-	-	-	25,151
Fuel	8,758	-	-	-	-	-	-	-	-	-	-	-	8,758
Insurance Group Health	-	4,004	-	-	-	-	-	-	-	-	-	-	4,004
Insurance - General Liability	2,951	7,443	2,204	2,505	2,478	2,478	-	7,041	-	-	-	-	27,100
Insurance Property	3,043	5,771	447	723	-	-	-	3,328	-	-	-	-	13,312
Insurance Workers Compensation	2,991	1,889	-	-	1,574	1,574	315	3,687	-	-	-	-	12,030
Insurance - Auto	5,337	-	-	-	-	-	-	-	-	-	-	-	5,337
Insurance D&O	-	-	-	-	-	-	-	1,242	-	-	-	-	1,242
Interest	-	13,900	2,030	513	12,257	12,956	-	12,912	-	-	6,399	-	60,967
Miscellaneous	-	-	-	-	-	-	-	7,764	-	-	-	-	7,764
Office Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Payroll Taxes	13,049	6,879	-	-	5,395	3,512	869	6,468	-	-	-	-	36,172
Payroll Fees	-	-	-	-	673	498	511	2,832	-	-	-	-	4,514
Pest Control	2,089	4,566	180	151	-	550	-	442	-	550	-	-	8,528
Progressive Bingo	-	-	-	-	-	-	10,750	-	-	-	-	-	10,750
Regulatory Fees	-	-	-	-	34,822	20,739	-	-	-	-	-	-	55,561
Rent	34,800	-	-	-	20,784	-	26,436	42,000	49,421	47,300	-	-	220,741
Repairs & Maintenance	12,992	16,976	615	300	1,062	1,972	-	9,217	-	367	8,209	-	51,710
Salaries	155,721	89,209	-	-	80,347	56,562	9,355	174,821	-	-	-	-	566,015
Sessions Bank	-	-	-	-	-	-	1,699	-	-	-	-	-	1,699
Software Licenses	-	-	-	-	50,188	31,505	-	-	-	-	-	-	81,693
Supplies	2,391	1,763	-	-	38,872	31,032	5,819	5,055	-	-	-	2,544	87,476
Security	-	-	-	-	41,941	73,637	-	264	-	-	-	-	115,842
Taxes and licenses	5,245	-	-	-	-	-	8,026	-	-	-	-	-	13,271
Telecommunications	-	-	-	-	-	-	-	2,228	-	4,108	-	-	6,336
Pass Through Expenses Grant	-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate Overhead Allocation	73,697	45,622	1,404	1,053	108,440	65,977	15,792	(350,939)	16,494	21,758	-	702	-
Utilities	21,031	38,109	2,134	2,660	-	2,090	-	4,846	8,481	9,730	644	-	89,725
	\$ 378,915	\$ 267,313	\$ 9,014	\$ 15,172	\$ 803,915	\$ 545,654	\$ 81,672	\$ -	\$ 74,396	\$ 96,086	\$ 15,252	\$ 3,246	\$ 2,290,635

The accompanying notes are an integral part of these statements.

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<u>Cash Flows From Operating Activities</u>		
Change in net assets	\$ (96,385)	\$ 12,112
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	126,770	86,330
(Increase) decrease in resident funds	(44,818)	(12,996)
(Increase) decrease in Progressive Bingo funds	16,300	(23,550)
(Increase) decrease in contracts receivable	(9,763)	(3,706)
(Increase) decrease in other current assets	(16,250)	560
(Increase) decrease in deposits	-	-
Increase (decrease) in accounts payable	177,201	4,824
Increase (decrease) in accrued liabilities	12,594	12,957
Increase (decrease) in resident funds payable	44,818	12,996
Net cash provided (used) by operating activities	<u>210,467</u>	<u>89,527</u>
<u>Cash Flows From Investing Activities</u>		
Advances from/(to) related companies	(115,204)	(104,685)
Purchase of property	<u>(6,006)</u>	<u>(12,268)</u>
Net cash used by investing activities	<u>(121,210)</u>	<u>(116,953)</u>
<u>Cash Flows From Financing Activities</u>		
Loan Proceeds - short term debt	57,738	48,998
Loan payments - short term debt	-	-
Loan Proceeds - long term debt		9,293
Loan payments-long term debt	<u>(120,148)</u>	<u>(41,457)</u>
Net cash provided (used) by financing activities	<u>(62,410)</u>	<u>16,834</u>
Increase (Decrease) in Cash and Cash Equivalents	26,847	(10,592)
Cash and cash equivalents, beginning of period	<u>8,037</u>	<u>18,629</u>
Cash and cash equivalents, end of period	<u>\$ 34,884</u>	<u>\$ 8,037</u>
Cash Paid for Interest	<u>\$ 28,424</u>	<u>\$ 48,011</u>

The accompanying notes are an integral part of these statements.

**NOTES TO FINANCIAL STATEMENTS**

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

1. **Summary of Significant Accounting Policies**

(a) **Organization and Nature of Activities**

Options Foundation, Inc. is a private, non-profit organization whose purpose is to provide services for people with behavioral health requirements primarily in Baton Rouge, Louisiana. Rent is collected from residents.

Options Foundation, Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Options Foundation, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There were unrelated business losses for 2018 and 2017.

(b) **Basis of Accounting**

The Organization maintains its books and prepares its financial statements on the accrual basis of accounting according to accounting principles generally accepted in the United States of America. Consequently, revenues are recognized when earned, and expenses are recognized when incurred. All significant receivables, payables and other liabilities are reflected in the financial statements.

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 Organization allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

(c) **Net Assets**

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of contributor imposed restrictions. The Organization's net assets balance is comprised only of net assets for general use with no restrictions.

(d) **Other Accounting Policies**

*Cash Equivalents*

The Organization considers all highly liquid investments, including certificates of deposit with maturity of three months or less, to be cash equivalents.

*Contributions*

The Organization is required to report its contributions received as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization did receive a donation of the use of a facility which is reflected as donations received and rent expense. See Note 7.

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 and 2017**

1. **Summary of Significant Accounting Policies (continued)**

*Accounts Receivable*

Accounts receivable, where recognized, are actual amounts owed to the Organization and are recognized at net amount owed with no allowance for uncollectible accounts. Management expects all receivables to be collectible for the years ended June 30, 2018 & 2017.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Cash in Banks*

All funds are in institutions insured by an agency of the Federal Government, the Federal Deposit Insurance Corporation.

*Subsequent Events*

The Organization has evaluated subsequent events through February 6, 2019 the date the financial statements were available to be issued, for recording and disclosure.

2. **Fixed Assets**

Fixed assets acquired by Options Foundation, Inc. are considered owned by the Organization. However, State funding sources may maintain 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. The State has a reversionary interest in those assets purchased with its funds, which have a cost of \$500 or more, and an estimated useful life of at least two years.

Options Foundation, Inc. follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

<u>Estimated Useful Life</u>	
Buildings & Improvements	30 years
Furniture & equipment	5 - 12 years
Transportation equipment	5 years

Depreciation expense was \$126,770 and \$86,330 for the years ended June 30, 2018 and 2017, respectively. The organization acquired \$450 of furniture and fixtures during the year ended June 30, 2018 and acquired \$9,918 of real estate improvements for the year ended June 30, 2017.

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 and 2017**

3. **Resident Funds Payable/Representative Payee Account**

Options Foundation, Inc., as a non-profit organization, has been designated a representative payee by the Social Security Administration for certain individuals participating in Options' residential programs. As representative payee, Options receives Social Security and/or Supplement Security Income (SSI) payments for individuals who cannot manage, or direct someone else to manage his or her money. The main responsibility of the payee is to use the funds to pay for the current and foreseeable needs of the beneficiary and to save any remaining funds for the beneficiary. A fee is collected by Options for performing this function. Because the funds are maintained and not owned by Options Foundation, Inc., the cash balance has been recorded as an asset on the financial statements with a corresponding liability of an equal amount.

4. **Contracts Receivable**

Receivables at years ended June 30, 2018 and 2017 are summarized below.

	<u>2018</u>	<u>2017</u>
DHH Office of Mental Health	\$ 52,656	\$ 57,481
Office of Community Development	77,375	89,906
Other	<u>22,209</u>	<u>26,090</u>
	<u>\$ 152,240</u>	<u>\$ 173,477</u>

5. **Allowance for doubtful accounts – contracts receivable**

Uncollectible contracts receivable are charged directly to earnings when they are determined to be uncollectible. All accounts receivable are evaluated completely at the end of each fiscal year and no allowance is deemed necessary.

6. **Compensated Absences**

The Organization allows full-time employees to receive compensation for vacation and sick leave as workload allows. Compensated absences for vacation and sick pay have not been accrued since they cannot be reasonably estimated, but are expensed as incurred.

7. **Leased Facilities**

Facilities used by Options Foundation, Inc. for River Oaks were leased for \$42,000 and \$34,800 for the years ended June 30, 2018 and 2017, respectively, from C&B Investments. The current lease is a month-to-month lease.

Options Foundation, Inc. entered into a one year lease on June 1, 2011 with C & B Investments for the administrative office located at 8540 Quarters Lake Road in Baton Rouge, Louisiana. The monthly rent is \$3,000 per month. There was an automatic renewal clause in the lease. The lease was renewed in fiscal June 30, 2012 for \$3,500 per month. For FYE 6-30-2018 and 6-30-2017 the rent remained \$3,500 per month.

On February 18<sup>th</sup> 2015, Options entered into retail lease with Drusilla Village, LLC for a term of three years. The rental expense for 2018 was \$40,411 and for 2017 it was \$49,421. The rent was lowered in 2018.

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 and 2017**

On March 12, 2012, Options entered into a commercial lease for a Bingo Hall located at 15450 George O'Neal Road, Suites 8 & 9 in Baton Rouge, Louisiana. The lease was for two years with an option for a two year renewal with a monthly rental of \$4,300 per month. Upon acquiring the lease in March of 2012, prepaid rent of \$35,000 was paid of which \$30,100 remained prepaid at June 30, 2012. During the year ended June 30, 2013 \$21,500 of rent was paid and \$30,100 of prepaid rent was expensed for a total of \$51,600. For the year ended June 30, 2016 \$51,600 was paid. At the present time the lease is month-to-month at a monthly rate of \$4,300 per month.

8. **Related Party Transactions**

Options Foundation, Villa Care, Options for Ascension, and CHDO are under common control and have the same board of directors. The total amount owed to Options Foundation, Inc. from the related organizations amounted to \$425,754 and \$310,550 for the years ended June 30, 2018 and 2017, respectively. Balances of receivables and payables are a result of working capital advances to and from related organizations. The amounts owed at June 30, 2018 are as follows:

Due from Villa Care	\$ 420,270
Less Villa Care Reserve	(31,650)
Due from Options for Ascension	28,334
Due from CHDO	<u>8,800</u>
Total Amounts due	<u>\$ 425,754</u>

Brent Nettles who is the Executive Director is also an owner of C&B Investments which leases property to Options Foundation. (See Note 7.)

9. **Commitments, Contingencies, Concentrations and Economic Dependency**

*Revenue* – Options Foundation, Inc. receives a portion of its revenues from federal and state government grants and contracts, many of which are subject to audit by the federal or state government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to, and audited by, the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is not aware of any pending audits or proposed adjustments, and no provisions for estimated retroactive adjustments have been made. In regards to the HUD Office of Community Development Grant for Options Villa, the grant has been in effect for many years and the term of the grant is for the period beginning February 1<sup>st</sup> of each grant year and ending on January 31<sup>st</sup> of each grant year. The grant provided for reimbursements of qualified expenditures made during the period of the grant. The amounts expended in accordance with this grant were reimbursed through January of 2017. The amounts due for the reimbursements of expenditures for the period February through June of 2018 are included in Accounts receivable. There has been a pattern of delays in obtaining the signed grant for the current year until late December of the grant year and as a result payments are delayed until after the end of the grant year. It is expected that the contract will be signed and that the funds due as of June 30, 2018 will be received in 2019.

Options Foundation, Inc. received support from a number of sources. Significant among those are the following, reflecting their percent of total revenues provided in 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Housing & Urban Development (HUD)	9%	9%
State of Louisiana Department of Health & Hospitals	14%	14%
Bingo/Gaming	57%	61%

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 and 2017**

10. **Payroll taxes and related payables**

Prior to fiscal years ending in 2010 and 2011, payroll was maintained by Option's personnel and there was a problem; in that years later it was determined by the Internal Revenue Service that the employee yearly earnings reports, forms W-2s, were not filed. As a result, significant penalties were assessed against Options Foundation, Inc. These penalties are recorded on these financial statements for the year ended June 30, 2011. Attempts were made to have the penalties waived. During fiscal year June 30, 2012, the Internal Revenue Service did waive penalties which totaled \$ 67,642 and are recorded as revenue for the year ending June 30, 2012. The total amount owed to the Internal Revenue Service for the penalties amounted to zero for the years ended June 30, 2018 and 2017, respectively.

In prior years the unemployment taxes for the Louisiana Workforce Commission were determined using a reimbursable account which is not the norm for most employers. As a result there is a large balance due for old taxes. As of January 1, 2011, Options has been allowed to pay taxes like most other employers in the state of Louisiana which has resulted in a much lower tax obligation. Efforts are also being made to reduce or waive the old balance. The total amount owed to the Louisiana Workforce Commission for the unemployment taxes amounted to \$138,887 for the years ended June 30, 2018 and 2017, respectively.

11. **Notes Payable**

Notes payable consist of the following at June 30, 2018 and 2017:                    2018                    2017

Note dated September 14, 2000 with an original balance available of \$171,000, maturing April 1, 2021. The loan is a principal only (no interest) loan for a term of twenty years, payable in monthly installments of \$712.50 beginning April 1, 2001. The loan is secured by a first mortgage on the subject property listed as 143 & 145 N. 24<sup>th</sup> Street and 2386 Convention St., Baton Rouge, LA. The source of the loan is Federal grant funds available under the Community Development Block Grant (CDBG) Program, as provided to the City of Baton Rouge-Parish of East Baton Rouge under grant agreements with the U.S. Department of Housing and Urban Development. The loan proceeds are restricted to property acquisition and rehabilitation construction costs.

	\$ 28,536	\$ 35,305
Less: current maturities	<u>(8,550)</u>	<u>(8,550)</u>
Long-term debt, less current portion	<u>\$ 19,986</u>	<u>\$ 26,755</u>

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 and 2017**

2018                      2017

Note dated June 14, 2002 with an original balance available of \$54,000, maturing November 1, 2020. The loan is a principal only (no interest) loan for a term of twenty years, payable in monthly installments of \$250.00 beginning November 1, 2002. The loan is secured by a first mortgage on the subject property listed as 150 North 26<sup>th</sup> Street, Baton Rouge, LA. The source of the loan is Federal grant funds available under the Community Development Block Grant (CDBG) Program, as provided to the City of Baton Rouge, of East Baton Rouge under grant agreements with the U.S. Department of Housing and Urban Development. The loan proceeds are restricted to property acquisition and rehabilitation construction costs. As of June 30, 2010 \$52,000 had been disbursed for the purchase of property.

	\$ 5,285	\$ 7,660
Less: current maturities	<u>(3,000)</u>	<u>(3,000)</u>
Long-term debt, less current portion	\$ 2,285	\$ 4,660

Note dated July 7, 2003 with an original balance available of \$88,000, maturing July 15, 2023. Principal is first repayable in 60 equal installments of \$656.20 each, commencing August 15, 2003. Starting August 15, 2008, principal is repayable in 179 equal installments of \$635.67 each. The final principal payment of \$634.35 will be made on July 15, 2023. For the first sixty months, the interest rate on this note will be 6.5%. Thereafter, the interest rate is subject to change based on changes in an independent index, the Weekly Average Yield on U.S. Treasury Securities. The variable interest rate on this note can be no less than 6% and no higher than 14.5%. This interest rate at June 30, 2018 was 6%. The loan is secured by Collateral Mortgage

Note dated July 7, 2003.	\$ 39,406	\$ 44,561
Less: current maturities	<u>(5,113)</u>	<u>(5,610)</u>
Long-term debt, less current portion	\$ 34,293	\$ 38,951

Note dated February 15, 2008 with an original balance of \$125,000, maturing May 31, 2028. The loan is a principal only (no interest) loan for a term of twenty years, payable in monthly installments of \$521.00 beginning May 31, 2008. The loan is secured by a first mortgage on the subject property listed as 2631 Convention Street, Baton Rouge, LA. The source of the loan is Federal grant funds available under the Community Development Block Grant (CDBG) Program, as provided to the City of Baton Rouge-Parish of East Baton Rouge under grant agreements with the U.S. Department of Housing and Urban Department. There are continuing compliance restrictions imposed on the loan.

	\$ 62,767	\$ 68,289
Less: current maturities	<u>(6,252)</u>	<u>(6,252)</u>
Long-term debt, less current portion	\$ 56,515	\$ 62,037

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<p>Note dated May 19, 2008 with an original balance of \$55,000, maturing June 30, 2028. The loan is a principal only (no interest) loan for a term of twenty years, payable in monthly installments of \$230.00 beginning June 30, 2008. The loan is secured by a first mortgage on the subject property listed as 2618 Convention Street, Baton Rouge, LA. The source of the loan is Federal grant funds available under the Community Development Block Grant (CDBG) Program, as provided to the City of Baton Rouge-Parish of East Baton Rouge under grant agreements with the U.S. Department of Housing and Urban Development. There are continuing compliance restrictions imposed on the loan.</p>		
	\$ 27,768	\$ 30,206
Less: current maturities	<u>(2,760)</u>	<u>(2,760)</u>
Long-term debt, less current portion	<u>\$ 25,008</u>	<u>\$ 27,446</u>
<p>Note dated December 16<sup>th</sup>, 2014 with a balance of \$ 272,556 due in 60 monthly payments of \$2,471 with interest at 5.5% and a final balloon payment on December 16<sup>th</sup> 2019. The loan is secured by real estate.</p>		
	\$ 212,285	\$ 234,510
Less: current maturities	<u>(18,067)</u>	<u>(17,102)</u>
Long-term debt, less current portion	<u>\$ 194,218</u>	<u>\$ 217,408</u>
<p>Note dated March 14, 2014 with a balance of \$257,108 due 59 monthly payments of \$3,705.02 and one payment of \$87,642 with 5.5 % interest and secured by equipment.</p>		
	\$ 101,605	\$154,048
Less: current maturities	<u>(39,263)</u>	<u>(37,166)</u>
Long-term debt, less current portion	<u>\$ 62,342</u>	<u>\$ 116,882</u>

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 and 2017**

**Notes Payable (continued)**

	<u>2017</u>	<u>2017</u>
Non-negotiable promissory note with a balance of \$326,906 at 4% in equal monthly installments of \$3,694.65 beginning in 2021 until paid.	\$323,906	\$ 323,906
Less: current maturities	<u>-</u>	<u>-</u>
Long-term debt, less current portion	<u>\$ 323,906</u>	<u>\$ 323,906</u>
Note dated May 20, 2016 with an original balance of \$75,000 with interest at 5.5% with payments monthly of \$1,148.80 due May 20, 2023 secured by real estate owned by C&B Investments.		
	\$ 60,925	\$ 69,034
Less Current maturities	<u>( 10,818)</u>	<u>(10,240)</u>
Long-term debt, less current portion	<u>\$ 50,107</u>	<u>\$ 58,794</u>

Estimated principal maturities on long-term debt are as follows:

June 30, 2019	\$ 93,823
June 30, 2020	272,417
June 30, 2021	71,988
June 30, 2022	62,855
June 30, 2023	73,043
Thereafter	<u>288,357</u>
Total	<u>\$ 862,483</u>

Options Foundation, Inc. has a short term financing agreement for insurance with IPSF Corporation with interest at 5.494 percent.

12. **Charitable Gaming**

During 2008 Options Foundation, Inc. began conducting charitable gaming in the form of traditional and video bingo games. Louisiana law allows non-profit organization to partner with for profit organizations to conduct these activities with the proceeds going to the non-profit organization. Expenses for these activities include session rent, supplies and labor. There are separate cash accounts used for these purposes and a separate account used to fund the Progressive Bingo liability.

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 and 2017**

13. **Uncertainties**

As disclosed in note 8 **Related Party Transactions**, there are significant amounts owed to Options Foundation, Inc. from related affiliate non-profit organizations. These affiliated organizations are funded by government grants and contracts which only provide for certain support. As a result of the needs of residents in Villa Care the expenses are much greater than the amount which has been provided in the funding with the government agency. In order to maintain the facilities for the residents, Options Foundation has continued to provide additional funds. During the years ended June 30, 2015 and 2014, management managed to recover additional funds from the agency to cover the shortages created over the years. An allowance has been made for the amount receivable from Villa Care. In November of 2013 a new contract was executed with the City of Baton Rouge for a HUD program grant in the amount of \$500,000 for a period of twelve months from February 1, 2013 through January 31, 2014 and another contract was entered in to for the period from February of 2014 through January of 2015. The grant includes Options Foundation and all of the related affiliate non-profit organizations. This has greatly improved the chances for the ultimate collectability of the related party receivables. At this time, the ultimate collectability of all these accounts remains uncertain.

14. **Restrictions on Net Assets**

Grants and funds received by Options Foundation, Inc. are temporarily restricted in that the funds are generally program specific and to be spent in accordance with grant guidelines. All temporarily restricted funds were disbursed during the year.

15. **Board of Directors' Compensation**

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member for director's fees.

16. **Retirement Plan**

All employees are covered under the social security program. No other retirement plan is maintained.

17. **Advertising**

The Organization expenses advertising expenses as incurred. The advertising expenses for 2018 were zero and the advertising expenses for 2017 were \$425.

18. **Functional Allocation of Expenses**

The costs of providing various programs and activities have been summarized in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Organization has determined that fund-raising costs other than charitable gaming are not material.

**OPTIONS FOUNDATION, INC.**  
**BATON ROUGE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 and 2017**

19. **Uncertain Tax Positions**

The organization is subject to examination by various taxing authorities. Management has reviewed the Organization's activities and believes that no additional amounts or disclosures are needed, as the effect of any uncertain positions is not material to the financial statements. The tax returns for the years 2018, 2017, 2016, and 2015 are open for examination by various taxing authorities.

20. **Executive Director's Compensation**

Brent Nettles is the only officer who received any compensation. Mr. Nettles received \$132,000 for the fiscal year ended June 30, 2018 and \$135,000 for the fiscal year ended June 30, 2017.

**SUPPLEMENTAL INFORMATION**

**OPTIONS FOUNDATION, INC.**  
**SCHEDULE OF FEDERAL/STATE FINANCIAL ASSISTANCE PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CFDA PASS-THROUGH GRANTOR'S NUMBER</u>	<u>DISBURSEMENTS EXPENDITURES</u>	
		<u>FEDERAL</u>	<u>STATE</u>
Department of Housing and Urban Development			
Pass through programs from:			
Continuum of Care Program	14.267	\$ 179,248	\$ -
Block Grant Section 108 Loan Guarantees	14.248	<u>124,356</u>	<u>-</u>
Subtotal Department of Housing and Urban Development		<u>303,604</u>	<u>-</u>
Louisiana Department of Health and Hospitals	709822	<u>-</u>	<u>315,972</u>
Totals		<u>\$ 303,604</u>	<u>\$ 315,972</u>

**OPTIONS FOUNDATION, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL /STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

1. **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Options Foundation, Inc. under programs of the federal government for the year ended June 30, 2018. Because the Schedule presents only a selected portion of the operations of Options Foundation, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Options Foundation, Inc.

2. **Summary of Significant Accounting Policies**

- (a) Expenditures reported on the Schedule are reported on the accrual basis of accounting.
- (b) Pass-through entity identifying numbers are presented where available.

3. **Insurance**

Options Foundation, Inc. is in compliance with insurance requirements which specify that they will provide Worker's Compensation and Employers' Liability insurance covering all employees engaged in services in compliance with the laws of the State of Louisiana. Options Foundation is also in compliance with the requirement to have a minimum coverage of \$1,000,000 for general liability and automobile liability.

February 6, 2019

INDEPENDENT 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 Foundation, Inc.  
Baton Rouge, 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 Foundation, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related 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 February 6, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Options Foundation, Inc.'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 Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Options Foundation, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described as 2018-001 and 2018-002 in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Options Foundation, Inc.'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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described as item 2018-001 and 2018-002 in the accompanying schedule of findings and questioned costs.

**Options Foundation, Inc.'s Response to Findings**

Options Foundation, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Options Foundation, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Ehrlich & Associates, LLC**

Baton Rouge, Louisiana  
February 6, 2019

**OPTIONS FOUNDATION, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Summary of Audit Results**

- a. The auditors' report expressed an unqualified opinion on the financial statements of Options Foundation, inc., for the year ended June 30, 2018.
- b. *Report on Internal Control and Compliance Material to the Financial Statements*  
Internal Control  
Material Weaknesses  Yes  No  
Significant Deficiencies  Yes  No  
Compliance  
Compliance Material to Financial Statements  Yes  No  
Auditee qualifies as low risk  Yes  No

**Compliance Finding – Agreed Upon-Procedure**

**Finding 2018-001**

Observation

The Louisiana Legislative Auditor has prescribed statewide agreed-upon procedures which are intended to represent a minimum level of additional work to be performed at those local entities (local governments and quasi-public organizations, including nonprofits) that meet the legal requirement to have an audit under the Audit Law. Only those areas applicable to public funds administered by a non-profit are required to be included within the scope of the AUP engagement.

Criteria

The statewide agreed-upon procedures are to be performed by the same auditor that performs the audit and attached to the audit which is submitted to the Legislative Auditor.

Effect

Although management has determined that there would be no areas which would be applicable to have these procedures performed, the Legislative Auditor may not have the same opinion.

Cause

The management feels that this is an additional expense for the organization to incur and feels that it does not apply to their organization.

Recommendations:

It is recommended that management contact the Legislative Auditor and explain why they feel that none of these procedures would apply to their organization and obtain a ruling from the Legislative Auditor as whether there is a requirement for these to be performed.

**Finding 2018-002 – Legislative Auditor Filing Requirement**

Observation

The Louisiana Legislative Auditor has prescribed a six month deadline after the end of the organization's fiscal year to complete and submit their annual audit. Options Foundation should submit their annual audit for their year ending on June 30, 2018 by December 31, 2018.

Criteria

In order to have a timely audit performed, an auditor should be also engaged in a timely manner. In accordance with professional standards in order for an independent auditor to be independent, the auditor must be paid for the prior year's audit before the completion of the current year audit.

Effect

By not having a required audit done in accordance with the grant agreements, Options could lose the government funding.

Cause

Options Foundation was not able to pay the auditor for the previous audit because the State of Louisiana was not making reimbursement payments to them in a timely manner.

Recommendation

Options should obtain an extension for submission of the annual audit and attempt to remedy the delay in receiving the reimbursements.

**Questioned Costs**

There are no questioned costs for the year ended June 30, 2018.

**OPTIONS FOUNDATION, INC.**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Summary of Prior Audit Findings**

Finding 2017-1

Observation

As is common in small organizations, management has chosen to engage the auditors to propose certain year-end adjusting entries and to prepare the organization's annual financial statements. This condition is intentional by management based upon the Organization's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls.

Status

Options Foundation, Inc. has accepted responsibility for their financial statements. Options Foundations is approving all adjusting entries which may be made to the financial statements that are first generated on their own accounting system. Management is also approving and accepting responsibility for all disclosures and other required schedules that the auditors assist them with.