

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

COMBINED FINANCIAL STATEMENTS

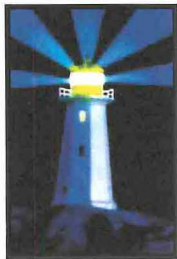
YEARS ENDED JUNE 30, 2019 AND 2018

OPTIONS, INC. AND AFFILIATES

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2019 and 2018, 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 combined 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 combined 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 combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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, 2019 and 2018, 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.

Emphasis of a Matter

As discussed in Note 19 to the combined financial statements, the Organization implemented the Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer on page 22 and the Combined Statement of Financial Position and the Combined Statement of Activities on pages 23-25 are presented for purposes of additional analysis and are not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Bernard & Franks

Metairie, Louisiana
December 20, 2019

OPTIONS, INC. AND AFFILIATES

COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,276,716	\$ 1,042,649
Accounts receivable		
Government contracts	754,285	763,782
Other	57,809	37,564
Unconditional promises to give	449,131	248,141
Inventory	6,892	6,514
Investments	266,867	258,163
Invesments-certificate of deposit	80,554	80,433
Prepaid expenses	96,488	56,434
Total current assets	<u>\$ 2,988,742</u>	<u>\$ 2,493,680</u>
RESTRICTED DEPOSITS AND RESERVES		
Cash restricted for endowment	\$ 13,526	\$ 13,526
Cash restricted for trust	18,678	13,178
Tenants' security deposits	3,140	3,140
Cash restricted for reserves	4,383	4,527
Cash restricted for residual receipts	73	133
Total restricted cash	<u>\$ 39,800</u>	<u>\$ 34,504</u>
LAND, PROPERTY AND EQUIPMENT		
	\$ 5,532,997	\$ 5,889,777
Less accumulated depreciation and amortization	<u>(2,351,210)</u>	<u>(2,530,393)</u>
	<u>\$ 3,181,787</u>	<u>\$ 3,359,384</u>
OTHER ASSETS		
Unconditional promises to give, less allowance for doubtful accounts	\$ 767,751	\$ 403,881
Investments-certificates of deposit	4,563	4,543
	<u>\$ 772,314</u>	<u>\$ 408,424</u>
 Total assets	 <u><u>\$ 6,982,643</u></u>	 <u><u>\$ 6,295,992</u></u>

	<u>2019</u>	<u>2018</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 108,433	\$ 110,573
Trust held for others	18,617	13,168
Other payables	26,108	24,259
Accrued salaries, leave and payroll taxes	278,516	258,428
Current portion of notes payable	-	8,398
Total current liabilities	<u>\$ 431,674</u>	<u>\$ 414,826</u>
LONG TERM LIABILITIES		
Tenants' security deposits	\$ 3,140	\$ 3,140
	<u>\$ 3,140</u>	<u>\$ 3,140</u>
Total Liabilities	<u>\$ 434,814</u>	<u>\$ 417,966</u>
NET ASSETS		
Without donor restrictions		
Undesignated	\$ 5,317,421	\$ 5,170,592
Designated	-	-
With donor restrictions	1,230,408	707,434
Total net assets	<u>\$ 6,547,829</u>	<u>\$ 5,878,026</u>
Total liabilities and net assets	<u><u>\$ 6,982,643</u></u>	<u><u>\$ 6,295,992</u></u>

See Notes to Financial Statements.

OPTIONS, INC. AND AFFILIATES
COMBINED STATEMENT OF ACTIVITIES
JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Revenues and gains			
Contributions and grants	\$ 326,540	\$ 140,000	\$ 466,540
Fund-raising income	340,741	424,860	765,601
Medicaid	5,980,460	-	5,980,460
Federal contracts	216,443	-	216,443
State contracts	503,593	-	503,593
Private pay clients	137,506	-	137,506
Vocational rehabilitation	22,750	-	22,750
Vocational contracts	\$ 684,435		
Less: Cost of services	<u>(471,259)</u>		
Vocational contracts gross profit	213,176	-	213,176
Rental revenue	20,455	-	20,455
Management and maintenance fee	23,377	-	23,377
Investment income	649	-	649
Gain on investments	8,815	-	8,815
Gain on sale of assets	68,694	-	68,694
Other income	42,011	-	42,011
Net assets released from restrictions			
Expiration of use restriction-Other	41,886	<u>(41,886)</u>	<u>-</u>
Total revenues, gains, and other support	<u>\$ 7,947,096</u>	<u>\$ 522,974</u>	<u>\$ 8,470,070</u>
EXPENSES			
Program Services			
Residential services	\$ 1,430,230	\$ -	\$ 1,430,230
Vocational services	1,743,468	-	1,743,468
Individualized services	2,799,904	-	2,799,904
Housing services	70,898	-	70,898
Support Services			
Management and general	1,648,738	-	1,648,738
Fund-raising	<u>107,029</u>	<u>-</u>	<u>107,029</u>
Total expenses	<u>\$ 7,800,267</u>	<u>\$ -</u>	<u>\$ 7,800,267</u>
Change in net assets	\$ 146,829	\$ 522,974	\$ 669,803
Net assets at beginning of year	<u>5,170,592</u>	<u>707,434</u>	<u>5,878,026</u>
Net assets at end of year	<u><u>\$ 5,317,421</u></u>	<u><u>\$ 1,230,408</u></u>	<u><u>\$ 6,547,829</u></u>

See Notes to Financial Statements.

OPTIONS, INC. AND AFFILIATES

COMBINED STATEMENT OF ACTIVITIES

JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Revenues and gains			
Contributions and grants	\$ 209,285	\$ 30,000	\$ 239,285
Fund-raising income	311,217	-	311,217
Medicaid	5,876,752	-	5,876,752
Federal contracts	289,583	-	289,583
State contracts	310,050	-	310,050
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
Net assets released from restrictions			
Expiration of time restriction-United Way Services	-	-	-
Expiration of use restriction-Other	102,163	(102,163)	-
Total revenues, gains, and other support	<u>\$ 7,594,531</u>	<u>\$ (72,163)</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	34,381	-	34,381
Total expenses	<u>\$ 7,817,432</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>779,597</u>	<u>6,173,090</u>
Net assets at end of year	<u>\$ 5,170,592</u>	<u>\$ 707,434</u>	<u>\$ 5,878,026</u>

See Notes to Financial Statements.

OPTIONS, INC. AND AFFILIATES
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services				Supporting Services		Total
	Residential Services	Vocational Services	Individualized Services	Housing Services	Management and General	Fund-raising	
Salaries and related expenses:							
Salaries	\$ 832,011	\$ 1,090,333	\$ 2,436,877	\$ -	\$ 635,125	\$ 53,050	\$ 5,047,396
Employee benefits & taxes	67,035	111,833	193,945	-	251,403	4,058	628,274
Workers' compensation	38,807	29,914	68,658	-	4,255	-	141,634
	<u>\$ 937,853</u>	<u>\$ 1,232,080</u>	<u>\$ 2,699,480</u>	<u>\$ -</u>	<u>\$ 890,783</u>	<u>\$ 57,108</u>	<u>\$ 5,817,304</u>
Advertising	\$ -	\$ -	\$ -	\$ 149	\$ 640	\$ -	\$ 789
Bank fees	581	3,868	-	179	7,831	-	12,459
Cost of sales	-	436,008	-	-	35,251	-	471,259
Bad Debt	-	-	-	-	548	-	548
Bed tax	138,359	-	-	-	-	-	138,359
Crisis intervention	-	-	-	-	194,846	-	194,846
Depreciation	33,759	168,710	-	26,324	37,888	-	266,681
Dues, licenses, and subscriptions	2,520	1,767	-	-	15,420	-	19,707
Employee compliance	-	-	-	-	24,738	-	24,738
Food and supplies	69,131	2,487	-	-	556	-	72,174
Fund raising	-	-	-	-	-	49,921	49,921
Housekeeping supplies	14,714	3,562	3,146	-	-	-	21,422
Interest	-	463	-	-	153	-	616
Insurance							
Liability	9,751	10,877	-	-	68,720	-	89,348
Motor vehicle	15,787	102,359	-	-	-	-	118,146
Other property	22,670	19,513	-	1,026	10,419	-	53,628
Job development	-	-	-	-	2,570	-	2,570
Management and maintenance fee	-	-	-	23,377	-	-	23,377
Medical consultants	39,193	-	-	-	283	-	39,476
Medical supplies	18,908	235	-	-	81	-	19,224
Miscellaneous	6,418	428	229	884	1,915	-	9,874
Motor vehicle expenses	20,211	122,108	-	-	-	-	142,319
Non capital equipment	3,292	-	-	-	18,808	-	22,100
Office supplies	770	5,465	6,892	-	11,777	-	24,904
Other resident expenses	15,754	4,268	472	-	1,369	-	21,863
Other supplies	352	460	-	508	18,377	-	19,697
Orientation	-	-	-	-	16,408	-	16,408
Postage	-	-	-	-	6,717	-	6,717
Professional services	-	-	1,579	4,961	196,509	-	203,049
Rent	-	20,199	-	-	205	-	20,404
Repairs and maintenance	30,869	8,117	95	10,347	24,371	-	73,799
Telephone	5,019	12,409	5,816	60	13,262	-	36,566
Travel and transportation	4,703	6,168	80,820	-	8,510	-	100,201
Seminars and training	1,599	250	1,375	-	40,703	-	43,927
Utilities	38,017	17,675	-	3,083	34,331	-	93,106
	<u>\$ 492,377</u>	<u>\$ 947,396</u>	<u>\$ 100,424</u>	<u>\$ 70,898</u>	<u>\$ 793,206</u>	<u>\$ 49,921</u>	<u>\$ 2,454,222</u>
Less expenses (cost) deducted from revenues on statement of activities	-	(436,008)	-	-	(35,251)	-	(471,259)
Total expenses, net of cost of sales	<u>\$ 1,430,230</u>	<u>\$ 1,743,468</u>	<u>\$ 2,799,904</u>	<u>\$ 70,898</u>	<u>\$ 1,648,738</u>	<u>\$ 107,029</u>	<u>\$ 7,800,267</u>

See Notes to Financial Statements.

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

	Program Services			Housing Services	Supporting Services		Total
	Residential Services	Vocational Services	Individualized 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 STATEMENTS OF CASH FLOWS
JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 669,803	\$ (295,064)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	266,681	244,660
(Gain) loss on sale of assets	(68,694)	-
Unrealized gain on investments	(8,815)	(1,102)
(Increase) decrease in operating assets		
Accounts receivable	(10,748)	1,690
Promises to give	(564,860)	100,335
Prepaid expenses	(40,054)	63,698
Inventory	(378)	(399)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,140)	(18,174)
Trust held for others	5,449	13,168
Other payables	1,849	4,129
Accrued salaries and payroll taxes	20,088	(54,790)
Tenants' security deposits	-	600
Net cash provided by operating activities	<u>\$ 268,181</u>	<u>\$ 58,751</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	\$ (30)	\$ (10,500)
Proceeds from sale of investments	-	251,515
Change in restricted cash and cash equivalents	(5,296)	(15,332)
Proceeds from the sale of assets	111,830	11,100
Payments for land, property and equipment	(132,220)	(268,416)
Net cash used in investment activities	<u>\$ (25,716)</u>	<u>\$ (31,633)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments	\$ (8,398)	\$ (25,242)
Net cash provided by financing activities	<u>\$ (8,398)</u>	<u>\$ (25,242)</u>
Net increase (decrease) in cash and cash equivalents	\$ 234,067	\$ 1,876
Beginning cash and cash equivalents	<u>1,042,649</u>	<u>1,040,773</u>
Ending cash and cash equivalents	<u><u>\$ 1,276,716</u></u>	<u><u>\$ 1,042,649</u></u>
SUPPLEMENTAL DISCLOSURES		
Interest Paid	<u>\$ 616</u>	<u>\$ 757</u>

See Notes to Financial Statements.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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.

Day Program and Employment Services

The purpose of this service is to help people with disabilities to develop work skills by offering a variety of skill building, enrichment and employment options which help individuals maximize their potential. Options, Inc. staff works with each individual to determine their employment goals and to assess their skills and interests. Services incorporate basic skill building, pre-employment preparation, and on the job support. Options also supports older workers transitioning to retirement.

Individualized Services

Individualized services include the following types of services:

Family Support

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, and personal care.

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. Financial planning, medical advocacy, transportation, goal development, planning for housing needs, household management and 24 hour on-call assistance are provided

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, 2019 AND 2018

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

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. The affiliate will invest the funds received and distribute those funds for the support of Options, Inc. The Foundation also administers a Pooled Special Needs Trust to assist people with disabilities in planning for their long-term financial security.

Basis of Presentation

The Organization follows the financial statement presentation recommended by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic 958, Not-for-Profit Entities. The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. The governing board has not designated, from net assets without donor restrictions, net assets for an operating reserve and a board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the combined financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. As of June 30, 2019 and 2018, the Organization has not received any contributions with donor-imposed restrictions that would result in donor 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, 2019 AND 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivables are stated at the amount management expect to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Allowance for doubtful accounts was \$0 for the years ended June 30, 2019 and 2018.

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. The allowance for doubtful accounts for pledges was \$56,678 and \$34,316 for the years ended June 30, 2019 and 2018, respectively.

Concentrations

The Organization's primary source of revenue is Medicaid (Title XIX) revenue. For the fiscal year ended June 30, 2019 and 2018, \$5,980,460 and \$5,876,752, or 67% and 73% of the Organization's total gross revenue was from Title XIX. Additionally, \$684,435 and \$681,227 8% and 9% of the total gross revenue was from small business contracts. The Organization also had private pay client revenue of \$137,506 and \$214,299 or 1% and 3% of total gross revenue. The contribution and fund raising revenue was \$1,232,141 and \$550,502 or 14% and 7% of total gross revenue. The Organization also had federal and state contracts in the amount of \$720,036 and \$599,633 or 8% and 7% of gross revenue. The remaining \$186,751 and \$40,738 or 2% and .5% 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 net assets with donor restrictions to net assets without donor restrictions at that time.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

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

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 combined 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, 2019 AND 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 and 2018, the Organization had \$3,140 in tenant security deposits.

Pending Accounting Pronouncements

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 combined financial statements.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pending Accounting Pronouncements (Continued)

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 Organization 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 combined 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, 2019 and 2018 by \$699,638 and \$791,138, 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, 2019 and 2018, held with various financial institutions, was \$85,117 and \$84,976.

Yields .30% per annum, due October 1, 2019	\$ 80,554	\$ 80,433
Rate available at maturity, due March 26, 2020	3,543	3,543
Rate available at maturity, due July 17, 2021	1,020	1,000
Total certificates of deposit	<u>\$ 85,117</u>	<u>\$ 84,976</u>

The Organization holds several certificates of deposit with maturity dates from October 2019 through July 2021 bearing annual interest rates dependent upon the federal rate.

NOTE 4. INVESTMENTS

For the years ended June 30, 2019 and 2018, the Organization had investments as follows:

Government securities	\$ 265,722	\$ 256,732
Stock	1,146	1,431
Total investments	<u>\$ 266,868</u>	<u>\$ 258,163</u>

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 4. INVESTMENTS (CONTINUED)

A summary of return on investments consists of the following for the years ended June 30, 2019 and 2018:

	2019	2018
Government securities		
Unrealized gain (loss)	\$ 8,815	\$ (1,368)
Interest and dividends	649	533
Total return on investment	<u>\$ 9,464</u>	<u>\$ (835)</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, 2019 and 2018:

		Based On		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Recurring fair value measurements at June 30, 2019:	Total Assets Measured At Fair Value			
Government Securities:				
Franklin Adj US Gov Securities Fd A	\$ 124,525	\$ 124,525	\$ -	\$ -
Franklin US Government Securities A	141,196	141,196	-	-
Stock:				
First Guaranty Bancshares, Inc.	1,146	1,146	-	-
Total	<u>\$ 266,867</u>	<u>\$ 266,867</u>	<u>\$ -</u>	<u>\$ -</u>

		Based On		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Recurring fair value measurements at June 30, 2018:	Total Assets Measured At Fair Value			
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>

Interest income from all sources totaled \$649 and \$533 for the years ended June 30, 2019 and 2018, respectively.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 6. UNCONDITIONAL PROMISES TO GIVE

At June 30, 2019 and 2018, the Organization received unconditional promises to give. The amounts due from contribution sources consist of the following:

	2019	2018
Contribution sources	\$ 140,000	\$ -
Annual fundraising campaign	1,297,467	796,265
Total promises to give	<u>\$ 1,437,467</u>	<u>\$ 796,265</u>
	2019	2018
Receivable in one year or less	\$ 504,905	\$ 287,010
Receivable in one to five years	926,562	508,155
Receivable in more than five years	6,000	1,100
Total unconditional promises to give	1,437,467	796,265
Less discounts to net present value	(163,907)	(109,927)
Less allowance for uncollectible promises to give	(56,678)	(34,316)
Net unconditional promises to give	<u>\$ 1,216,882</u>	<u>\$ 652,022</u>

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

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 and 2018 consisted of the following:

	2019	2018	Useful life
Land	\$ 592,340	\$ 635,474	
Construction in Progress	2,500	-	
Buildings & improvements	3,585,174	3,585,176	10 to 32 years
Furniture & fixtures	264,066	432,354	5 to 7 years
Software	48,100	48,100	5 years
Vehicles	1,040,817	1,188,673	5 years
	<u>\$ 5,532,997</u>	<u>\$ 5,889,777</u>	
Less: Accumulated depreciation	(2,351,210)	(2,530,393)	
	<u>\$ 3,181,787</u>	<u>\$ 3,359,384</u>	

Depreciation expense totaled \$266,681 and \$244,660 for the years ended June 30, 2019 and 2018, respectively.

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 \$18,678 and \$13,178, at June 30, 2019 and 2018.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 and 2018 the total lease expense was \$20,404 and \$20,640, 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, 2019 and 2018 was \$85,940 and \$79,571, 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, 2019, and is secured by all present and future deposit accounts the Organization has with the lender. As of June 30, 2019 and 2018, \$250,000 is available. There was no interest expense for the years ended June 30, 2019 and 2018.

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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. LIQUIDITY

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end:

Cash and cash equivalents	\$ 1,276,716
Accounts receivable	812,094
Unconditional promises to give, current portion	<u>449,131</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,537,941</u>

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

NOTE 15. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2019 and 2018, Options, Inc. had \$1,230,408 and \$707,434 respectively, in net assets with donor restrictions and are available for the following purposes or periods:

	2019	2018
Endowment Fund	\$ 13,526	\$ 13,526
Vocational program support	140,000	41,886
Pledges for subsequent years	<u>1,076,882</u>	<u>652,022</u>
Total net assets with donor restrictions	<u>\$ 1,230,408</u>	<u>\$ 707,434</u>

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

OPTIONS, INC. AND AFFILIATES
COMBINED NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 and 2018 was \$11,328 and \$12,244, respectively.

NOTE 17. COMPENSATION

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

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. IMPLEMENTATION OF NEW ACCOUNTING STANDARD

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 replaced 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. Implementation did not result in any quantitative changes to the financial position, activities, cash flows or net assets.

NOTE 20. RELATED PARTY TRANSACTIONS

At June 30, 2019 and 2018, one of the Organization's board members donated \$10,619 and \$10,000 in personal stock to be used for operating expenses. Board members pledged \$26,950 at the annual fundraiser to be collected over the next five years for the year ended June 30, 2019.

NOTE 21. SUBSEQUENT EVENTS

Subsequent events were evaluated through December 20, 2019, which is the date the combined 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, 2019

Agency Head Name: Sylvia Bush, Executive Director

<u>Purpose:</u>	<u>Amount</u>
Salary	\$ 77,450
Benefits-insurance	7,625
Benefits-retirement	1,548
Total	<u>\$ 86,623</u>

OPTIONS, INC. AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	Options, Inc.	C'est Tres Bon!, Inc	Foundation to Ensure the Future of Options, Inc.	Subtotal	Eliminations	Combined
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 1,250,756	\$ 15,494	\$ 10,466	\$ 1,276,716	\$ -	\$ 1,276,716
Accounts receivable						
Government contracts	754,285	-	-	754,285	-	754,285
Other	81,186	-	-	81,186	23,377	57,809
Unconditional promises to give	449,131	-	-	449,131	-	449,131
Inventory	6,892	-	-	6,892	-	6,892
Investments	266,867	-	-	266,867	-	266,867
Investments-certificate of deposit	80,554	-	-	80,554	-	80,554
Prepaid expenses	96,488	-	-	96,488	-	96,488
Total current assets	<u>\$ 2,986,159</u>	<u>\$ 15,494</u>	<u>\$ 10,466</u>	<u>\$ 3,012,119</u>	<u>\$ 23,377</u>	<u>\$ 2,988,742</u>
RESTRICTED ASSETS						
Cash restricted for endowment	\$ 13,526	\$ -	\$ -	\$ 13,526	\$ -	\$ 13,526
Tenants' security deposits	-	3,140	-	3,140	-	3,140
Cash restricted for reserves	-	4,383	-	4,383	-	4,383
Cash restricted for residual receipts	-	73	-	73	-	73
Cash restricted for trust	-	-	18,678	18,678	-	18,678
Total restricted cash	<u>\$ 13,526</u>	<u>\$ 7,596</u>	<u>\$ 18,678</u>	<u>\$ 39,800</u>	<u>\$ -</u>	<u>\$ 39,800</u>
LAND, PROPERTY AND EQUIPMENT						
Cash	\$ 4,769,732	\$ 763,265	\$ -	\$ 5,532,997	\$ -	\$ 5,532,997
Less accumulated depreciation and amortization	(2,248,108)	(103,102)	-	(2,351,210)	-	(2,351,210)
	<u>\$ 2,521,624</u>	<u>\$ 660,163</u>	<u>\$ -</u>	<u>\$ 3,181,787</u>	<u>\$ -</u>	<u>\$ 3,181,787</u>
OTHER ASSETS						
Unconditional promises to give, less allowance for	\$ 767,751	\$ -	\$ -	\$ 767,751	\$ -	\$ 767,751
Investments-certificates of deposit	-	4,563	-	4,563	-	4,563
	<u>\$ 767,751</u>	<u>\$ 4,563</u>	<u>\$ -</u>	<u>\$ 772,314</u>	<u>\$ -</u>	<u>\$ 772,314</u>
 Total assets	 <u>\$ 6,289,060</u>	 <u>\$ 687,816</u>	 <u>\$ 29,144</u>	 <u>\$ 7,006,020</u>	 <u>\$ 23,377</u>	 <u>\$ 6,982,643</u>

OPTIONS, INC. AND AFFILIATES
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(CONTINUED)

	Options, Inc.	C'est Tres Bon!, Inc	Foundation to Ensure the Future of Options, Inc.	Subtotal	Eliminations	Combined
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 108,209	\$ 224	\$ -	\$ 108,433	\$ -	\$ 108,433
Trust held for others	-	-	18,617	18,617	-	18,617
Other payables	25,818	-	290	26,108	-	26,108
Accrued salaries and payroll taxes	278,516	-	-	278,516	-	278,516
Due to Options, Inc.	-	23,377	-	23,377	23,377	-
Total current liabilities	<u>\$ 412,543</u>	<u>\$ 23,601</u>	<u>\$ 18,907</u>	<u>\$ 455,051</u>	<u>\$ 23,377</u>	<u>\$ 431,674</u>
LONG TERM LIABILITIES						
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>\$ 412,543</u>	<u>\$ 26,741</u>	<u>\$ 18,907</u>	<u>\$ 458,191</u>	<u>\$ -</u>	<u>\$ 434,814</u>
Without donor restrictions						
Undesignated	\$ 4,629,565	\$ 677,330	\$ 10,526	\$ 5,317,421	\$ -	\$ 5,317,421
Designated		-	-	-	-	-
With donor restrictions	1,230,408	-	-	1,230,408	-	1,230,408
Total net assets	<u>\$ 5,859,973</u>	<u>\$ 677,330</u>	<u>\$ 10,526</u>	<u>\$ 6,547,829</u>	<u>\$ -</u>	<u>\$ 6,547,829</u>
Total liabilities and net assets	<u>\$ 6,272,516</u>	<u>\$ 704,071</u>	<u>\$ 29,433</u>	<u>\$ 7,006,020</u>	<u>\$ 23,377</u>	<u>\$ 6,982,643</u>

OPTIONS, INC. AND AFFILIATES
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Options, Inc.	C'est Tres Bon!, Inc	Foundation to Ensure the Future of Options, Inc.	Subtotal	Eliminations	Combined
REVENUES, GAINS AND OTHER SUPPORT						
Revenues and gains						
Contributions and grants	\$ 466,540	\$ -	\$ -	\$ 466,540	\$ -	\$ 466,540
Fund-raising income	765,601	-	-	765,601	-	765,601
Medicaid	5,980,460		-	5,980,460	-	5,980,460
Federal contracts	191,565	24,878		216,443		216,443
State contracts	503,593	-	-	503,593	-	503,593
Private pay clients	137,506	-	-	137,506	-	137,506
Vocational rehabilitation	22,750	-	-	22,750	-	22,750
Vocational contracts	\$ 684,435					
Less: Cost of services	<u>(471,259)</u>					
Vocational contracts gross profit	213,176	-	-	213,176	-	213,176
Rental revenue	-	20,455	-	20,455	-	20,455
Investment income	624	20	5	649	-	649
Management and maintenance fee	23,377	-	-	23,377	-	23,377
Loss on investments	8,815	-	-	8,815		8,815
Gain on sale of assets	68,694	-	-	68,694		68,694
Other income	39,961	2,050	-	42,011	-	42,011
Total revenues, gains, and other support	<u>\$ 8,422,662</u>	<u>\$ 47,403</u>	<u>\$ 5</u>	<u>\$ 8,470,070</u>	<u>\$ -</u>	<u>\$ 8,470,070</u>
EXPENSES						
Program Services						
Residential services	\$ 1,430,230	\$ -	\$ -	\$ 1,430,230	\$ -	\$ 1,430,230
Vocational services	1,743,468	-	-	1,743,468	-	1,743,468
Individualized services	2,799,904	-	-	2,799,904	-	2,799,904
Housing services	-	70,898	-	70,898	-	70,898
Support Services						
Management and general	1,705,346	-	500	1,705,846	-	1,705,846
Fund-raising	49,921	-	-	49,921	-	49,921
Total expenses	<u>\$ 7,728,869</u>	<u>\$ 70,898</u>	<u>\$ 500</u>	<u>\$ 7,800,267</u>	<u>\$ -</u>	<u>\$ 7,800,267</u>
Change in net assets	\$ 693,793	\$ (23,495)	\$ (495)	\$ 669,803	\$ -	\$ 669,803
Net assets at beginning of year	5,166,180	700,825	11,021	5,878,026	-	5,878,026
Net assets at end of year	<u>\$ 5,859,973</u>	<u>\$ 677,330</u>	<u>\$ 10,526</u>	<u>\$ 6,547,829</u>	<u>\$ -</u>	<u>\$ 6,547,829</u>

**GOVERNMENT AUDITING STANDARDS
COMPLIANCE REPORTS**



BERNARD & FRANKS
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

JOSEPH V. FRANKS II, C.P.A.

NICHOLAS W. LAFRANZ III, C.P.A.

JAMES L. WHITE, C.P.A.

**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, 2019 and 2018, and the related combined statements of activities, and cash flows for the years then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 20, 2019.

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 combined 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 Organization's combined 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.

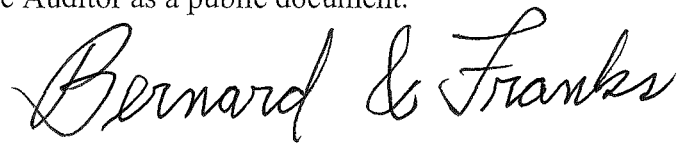
Compliance and Other Matters

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 black ink that reads "Bernard & Franks". The script is cursive and elegant, with the ampersand being particularly stylized.

Metairie, Louisiana
December 20, 2019

REPORTS BY MANAGEMENT

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

YEAR ENDED JUNE 30, 2019

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 combined
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, 2019, and therefore is exempt from the audit requirements under the Uniform Guidance.

**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, 2019 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, 2019.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

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

YEAR ENDED JUNE 30, 2019

**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 combined financial statements for the year June 30, 2018.

Compliance and Other Matters

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

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, 2018.

Section III - Management Letter

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

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

YEAR ENDED JUNE 30, 2019

**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 combined financial statements for the year ended June 30, 2019.

No significant deficiencies were reported during the audit of the combined financial statements for the year ended June 30, 2019.

Compliance and Other Matters

No compliance findings material to the combined financial statements were reported during the audit for the year ended June 30, 2019.

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, 2019, and therefore is exempt from the audit requirements under the Uniform Guidance.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2019.

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

_____ (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.

3. Period of time covered by this questionnaire.

July 1, 2018-June 30, 2019

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 helps people with disabilities to live and work in the community.

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

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 ☒ 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 ☒ 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 ☒ No ☐

Part VI. Reporting

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

Yes ☒ 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


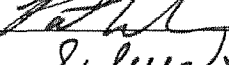

Yes ☐ No ☐

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 ☒ 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	12/23/19	Date
	Treasurer	12/23/19	Date
	President	12/23/19	Date

2018-2019 Board of Directors Contact Info

12/23/2019

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	matt@lafcaa.com
Randy	Bracy	2013	2019	Bracy's Nursery	64624 Dummyline Road, Amite, LA 70422	985-746-3999	randy@bracys.com
Sylvia	Bush	n/a	n/a	OPTIONS President/ CEO (OPTIONS employee)	47152 Ewing Lane, Tickfaw, LA 70466	985-969-7447	sbush@options4u.org
Matthew	Cotton	2013	2019	Chair/Edward Jones	1250 SW Railroad Ave., Hammond, LA 70403	985-542-2525	matthew.cotton@edwardjones.com
Patrick	Coudrian	2016	2019	Secretary-Treasurer/Cashe, Coudrain, & Sandage	106 S. Magnolia St., Hammond, La 70403	985-351-0710	pgc@ccsattorneys.com
Eric	Dosch	2013	2019	Vice Chair/First Guaranty Bank	812 W. Colorado, Hammond, LA 70401	985-507-2633	eidosch@fgb.net
Dawn	Forshag-Cazedessus	2017	2019	Keller Williams Real Estate	215 N 6th St, Poncahtoula, LA 70454	504- 559-0548	dawnforshag@gmail.com
Laurie	Johnson	2018	2020	K-Team Printing	16 Verret St., Kenner, La 70465	504-466-1456	ljohnson55@att.net
Andrea	Kopfler	2018	2020	Bra La Vie	470 Palace Dr., Hammond, La 70403	985-974-1005	andrea@bralavie.com
John	Martinez	2017	2019	Liaison with Advisory Board/Attorney	2023 Green Ct., Mandeville, LA 70448	504-343-3925	Martinezjohn@bellsouth.net
John	Poteet	2007	2019	OPTIONS Past President/LA's 1st Choice Auto Auction	17636 Ridewood Drive Hammond, LA 70403	985-542-8749	johnpoteet@msn.com
Paul	Titus III	2017	2019	Cretin Townsend Homes	801 W Dakota St, Hammond, LA 70401	985-960-0519	paul@mybuildercares.com