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OFFICER, INC.  
BAMMORE, LOUISIANA  
FINANCIAL STATEMENTS  
JUNE 30, 1988

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date ~~SEP 24 1987~~

OPTIONAL INC.  
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**JAMES M. CAMPBELL**  
**CERTIFIED PUBLIC ACCOUNTANT**  
A PROFESSIONAL CORPORATION  
694 Jefferson Hwy., First Floor, Suite A B C  
Baton Rouge, Louisiana 70802

file #00-0007  
file #00-0008  
file #00-0009/0a

August 16, 1986

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Options, Inc.  
Baton Rouge, Louisiana

Ladies and Gentlemen:

I have audited the accompanying statement of financial position of

**OPTIONS, INC.**  
(a nonprofit organization)

as of June 30, 1986, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Options, Inc. as of June 30, 1986, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

INDEPENDENT AUDITOR'S REPORT  
CONCLUDED

As discussed in Note #2 to the Financial Statements, the Organization changed its method of accounting for contributions and its method of financial reporting and financial statement presentation in the year ending June 30, 1996.

In accordance with Government Auditing Standards, I have also issued a Report dated August 26, 1996, on my consideration of Optione, Inc.'s internal control structure and a report dated August 26, 1996, on its compliance with laws and regulations.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses on Page 18 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
James M. Campbell

**OPTIONS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 1988**

|   |                            |
|---|----------------------------|
| <b>ASSETS</b>                           |                            |
| Cash                                    | \$ 181,805                 |
| Accounts receivable                     | 233,874                    |
| Prepaid expenses                        | 14,181                     |
| Deposits                                | 37,418                     |
| Land                                    | 112,733                    |
| Building and improvements               | 528,321                    |
| Furniture and fixtures                  | 214,357                    |
| Vehicles                                | 382,312                    |
| Less: accumulated depreciation          | <u>1438,822</u>            |
| <b>Total Assets</b>                     | <b><u>3,193,031</u></b>    |
| <b>Liabilities and Net Assets</b>       |                            |
| Accounts payable                        | 70,530                     |
| Taxover account payable                 | 9,487                      |
| Cafeteria plan payable                  | 18,308                     |
| Compensated absences payable            | 20,308                     |
| Other payables                          | 6,324                      |
| Notes payable                           | <u>265,563</u>             |
| <b>Total Liabilities</b>                | <b><u>390,510</u></b>      |
| <b>Net Assets:</b>                      |                            |
| unrestricted                            | <u>278,548</u>             |
| <b>Total Net Assets</b>                 | <b><u>278,548</u></b>      |
| <b>Total Liabilities and Net Assets</b> | <b><u>\$ 3,193,031</u></b> |

The accompanying notes are an integral part of the financial statements.

OPTIONS, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING JUNE 30, 1988

|   |                   |
|---|-------------------|
| <u>PUBLIC SUPPORT</u>   |                   |
| Contributions   | \$ 37,655         |
| <u>GOVERNMENT GRANTS</u>  |                   |
| state grants and Title XIX  | 2,792,044         |
| <u>OTHER REVENUE</u>  |                   |
| Program service fees  | 141,231           |
| Contract work   | 341,093           |
| Interest income   | 4,056             |
| Other income  | <u>2,444</u>      |
| Total Other Revenue   | 528,824           |
| <u>TOTAL PUBLIC SUPPORT,<br/>GOVERNMENT GRANTS,<br/>AND OTHER REVENUE</u> | <u>2,357,535</u>  |
| <u>EXPENSES</u>   |                   |
| Program Services:   |                   |
| Supervised apartments   | 182,122           |
| Rehabilitation Program  | 927,080           |
| Residential programs  | 2,007,787         |
| Respite care  | 52,438            |
| Personal care   | <u>108,458</u>    |
| Total Program Services  | 2,277,885         |
| <u>SUPPORTING SERVICES</u>  |                   |
| Management and general  | <u>3,528</u>      |
| <u>TOTAL EXPENSES</u>   | <u>2,281,413</u>  |
| <u>CHANGE IN NET ASSETS</u>   | 67,548            |
| <u>NET ASSETS, BEGINNING OF YEAR</u>                                      | <u>732,022</u>    |
| <u>NET ASSETS, END OF YEAR</u>  | <u>\$ 799,570</u> |

The accompanying notes are an integral part of the financial statements.

OPTIONS, INC.  
STATEMENT OF CHANGES IN CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 1991

|  |                   |
|--|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                   |
| Excess (deficiency) of support and revenue over expenses (Change in net assets)            | \$ 47,548         |
| Adjustment to reconcile change in net assets to net cash provided by operating activities: |                   |
| Depreciation and amortization  | 161,889           |
| Accounts receivable  | (26,929)          |
| Prepaid expenses   | (21,455)          |
| Accounts payable   | 4,888             |
| Escrow account payable   | (6,415)           |
| Cafeteria plan payable   | 4,458             |
| Compensated absences payable   | 3,323             |
| Other payables   | 1,221             |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>  | <b>165,974</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                   |
| Purchases of property and equipment  | (28,082)          |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>  | <b>(28,082)</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                   |
| Payments of notes payable  | (28,720)          |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>  | <b>(28,720)</b>   |
| <b>INCREASE IN CASH AND CASH EQUIVALENTS:</b>  | <b>\$ 49,172</b>  |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR:</b>                                       | <b>142,803</b>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR:</b>   | <b>\$ 191,975</b> |
| <b>SUPPLEMENTAL INFORMATION</b>  |                   |
| Interest expense   | \$ 26,313         |

The accompanying notes are an integral part of the financial statements.

OPTIONS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1978

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

**A. NATURE OF ACTIVITIES**

Options, Inc. (Options) is a private, non-profit organization whose purpose is to provide needed services for people with mental retardation and developmental disabilities.

**B. BAIS OF ACCOUNTING**

The accompanying financial statements have been prepared on an accrual basis of accounting in accordance with generally accepted accounting principles.

**C. INCOME TAXES**

Options 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 has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 569(a) of the Internal Revenue Code. There was no unrelated business income for 1978.

**D. FUNCTIONAL EXPENSES**

Expenses are charged to each program based on direct expenditures incurred. Any expenditures not directly chargeable are allocated to a program based on an analysis of personnel time utilized for the related activities.

**E. DONATED MATERIALS**

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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 net assets.



**OPTIONS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 1998**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. CASH AND CASH EQUIVALENTS**

Options, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**G. ESTIMATES**

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

**NOTE 2: CHANGES IN ACCOUNTING PRINCIPLES**

Options, Inc. adopted the provisions of Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made and No. 117, Financial Statements of Not-for-Profit Organizations, by restating net assets as of June 30, 1998. Statement No. 116 requires Options, Inc. to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair value. Statement No. 117 established standards for general purpose external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows. The adoption of statements No. 116 and 117 by Options, Inc. resulted in no change for the year ended June 30, 1998.

**NOTE 3: FIXED ASSETS**

Fixed assets acquired by Options are considered to be 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 \$250 or more, and an estimated useful life of at least two years.

OPTIOSA, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1966

**NOTE 3: FIXED ASSETS (Continued)**

Options follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$200. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

| <u>Estimated Useful Life</u> |            |
|------------------------------|------------|
| Furniture & Equipment        | 5-15 years |
| Leasehold improvements       | 5-40 years |
| Transportation Equipment     | 5 years    |
| Buildings                    | 31 years   |

Depreciation expense of \$121,688, which includes capital lease amortization, was deducted at June 30, 1966.

**NOTE 4: ACCOUNTS RECEIVABLE**

Receivables at June 30, 1966, are summarized below. Options anticipates that all receivables will be collected and no provision for uncollectible receivables has been provided.

Due from State of Louisiana, Department of Health and Hospitals, and Title XIX and Title XIX Waiver:

|                                   |                  |
|-----------------------------------|------------------|
| <u>Programs:</u>                  |                  |
| Rehabilitation Services           | \$ 55,562        |
| Other Services                    | 15,818           |
| Supervised Apartments             | 20,843           |
| Residential - "Our House"         | 20,383           |
| Residential - "Porterberry House" | 18,848           |
| Residential - "Alpha House"       | 23,181           |
| Residential - "La Casa"           | 22,817           |
|                                   | <u>185,712</u>   |
| <u>Due from private sector:</u>   |                  |
| Contract work                     | 28,245           |
|                                   | <u>\$213,957</u> |

**NOTE 5: ACCUMULATED VACATION/LEAVE - EMPLOYEE BENEFITS**

Options' employees earn paid vacation after successful completion of three months of initial period of employment.

Vacation and leave accrue at various rates depending upon length of service and hours worked per month, as follows:

OPTONS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1994

**NOTE 4. ACCRUED VACATION/LEAVE - EMPLOYEE BENEFITS (CONTINUED)**

| <u>EMPLOYEE CLASSIFICATION</u> | <u>ACCUMULATED</u>                                 |
|--------------------------------|--|
| 40 hour employees              | 5.67 to 14 hours per month<br>Maximum 168 hours    |
| 32-36 hour employees           | 5.83 to 13.25 hours per month<br>Maximum 147 hours |
| 30-34 hour employees           | 5 to 10.5 hours per month<br>Maximum 126 hours     |

The leave policy for the year ending June 30, 1994 permitted employees to carryover five days of leave to the following year. Accrued leave at June 30, 1994 was \$23,388.

**NOTE 5. LONG-TERM DEBT**

Notes payable consist of the following:

|   |         |
|---|---------|
| Note payable to Ford Motor Credit Corporation, due in monthly installments of \$405 including interest at 7.5%, collateralized by a 1994 Ford Van.  | 5 2,930 |
| Note payable to Ford Motor Credit Corporation, due in monthly installments of \$476 including interest at 7.5%, collateralized by a 1994 Ford Van.  | 4,821   |
| Note payable to Ford Motor Credit Corporation, due in monthly installments of \$476 including interest at 7.5%, collateralized by a 1995 Ford Van.  | 5,889   |
| Note payable to Citizens National Bank, due in thirty-six monthly installments of \$3,180, with the balance becoming due on September 30, 1998. Payments include interest at 9%. The note is secured by: first mortgage on real estate located at Illinois and Easy Street; second mortgage on a house located at General Pershing; first mortgage on a office building located in Industrial Park; and first mortgage on a house located on North Oak St., Hammond, Louisiana. | 100,825 |

OPTIGRAM, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1956

NOTE 6: LONG-TERM DEBT. (CONTINUED)

|  |   |
|--|---|
| Note payable to Elvie P. Jackson, due in monthly installments of \$375 including interest at 5%, collateralized by a house located at North General Parking, Hammond, Louisiana.   | \$ 51,387   |
| Note payable to Citizens National Bank, due in thirty-two monthly installments of \$1,100 each, with the balance becoming due on September 15, 1956. Payments include interest at 3.00%, collateralized by a first mortgage on a house and land located on General Out Road, Hammond, Louisiana. | 85,572  |
| Note payable to Ford Motor Credit, due in thirty six monthly installments of \$755 including interest at 3.9%, collateralized by a 1955 Ford F Six Van.  | 10,122  |
| Capital lease obligation to Larier Worldwide, Inc., due in monthly installments of \$393 including interest at 3.95%, collateralized by equipment.   | <u>3,207</u><br>265,563<br>63,478<br><u>\$332,250</u> |
| Less current maturities  |   |

Principal maturities of debt are as follows:

|            |                                   |
|------------|-----------------------------------|
| 1957       | \$ 63,878                         |
| 1958       | 44,880                            |
| 1959       | 115,383                           |
| 1960       | 3,654                             |
| 1961       | 3,953                             |
| Thereafter | <u>14,382</u><br><u>\$241,583</u> |

The gross amount of equipment leased under capital leases as of June 30, 1956, was \$13,512, with accumulated amortization of \$4,962 which is included in the depreciation expense on the Statement of Revenue and Expenses. This lease is included in the long-term debt schedule.

OPTIONS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1998

**NOTE 4: LONG-TERM DEBT (CONTINUED)**

Future minimum lease payments under capitalized lease obligations are as follows at June 30, 1998:

|      |                  |
|------|------------------|
| 1997 | \$ 8,928         |
| 1998 | 3,678            |
|      | <u>\$ 12,606</u> |

**NOTE 3: COMMITMENTS AND CONTINGENCIES**

options receives a substantial portion of its revenues from government grants and contracts, all of which are subject to audit by the federal 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 provision for estimated retroactive adjustments has been made.

options is subject to certain claims and litigation. In the opinion of management, the outcome of such matters will not have a material effect on the financial position of the Organization.

**NOTE 8: 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 matches up to 2% of the employees' annual salary. Employer contributions for the year ended June 30, 1998, totaled \$11,134.

The Organization has a "section 125" employee benefits plan, which is also referred to as a "cafeteria" plan.

OPTIONS, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1996

**NOTE 9: CAFETERIA PLAN**

The Organization contributes an amount based on length of service. Employees can use this employer contribution for term life insurance, health insurance, dependent care and medical expenses. Employees can contribute additional amounts to this plan on a pre-tax basis. A new employee has a six month waiting period before he or she becomes eligible to participate in the Cafeteria plan. Employer contributions for the year ended June 30, 1996, totaled \$65,000.

**NOTE 10: CONCENTRATION OF CREDIT RISK**

Options maintains several bank accounts at two banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at one of these institutions exceeded Federally insured limits. The amount in excess of the FDIC limit totaled \$69,513 as of June 30, 1996.

**NOTE 11: FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

**Cash and cash equivalents** - Fair value approximates carrying value due to the initial maturities of the instruments being three months or less.

**Notes payable** - Fair value approximates carrying value since stated rates are similar to rates currently available to Options for debt with similar terms and remaining maturities.

The estimated fair values of Options' financial instruments at June 30, 1996, are as follows:

|                           | <u>Carrying<br/>Amount</u> | <u>Fair<br/>Value</u> |
|---------------------------|----------------------------|-----------------------|
| Financial Assets:         |                            |                       |
| Cash and cash equivalents | \$ 191,800                 | \$191,800             |
| Financial liabilities:    |                            |                       |
| Notes payable             | 268,283                    | 268,283               |

**SUPPLEMENTARY INFORMATION**

**OPTICONS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 1952**

|  | <u>SUPERVISED<br/>ARRANGMENTS</u> | <u>REHABILITATION<br/>PROGRAM</u> | <u>RESIDENTIAL<br/>PROGRAMS</u> | <u>RESERVE CARE</u> |
|--|-----------------------------------|-----------------------------------|---------------------------------|---------------------|
| Salaries   | \$ 91,380                         | \$ 477,808                        | \$ 304,000                      | \$ 38,300           |
| Employee health and<br>retirement benefits       | <u>14,554</u>                     | <u>68,328</u>                     | <u>91,321</u>                   | <u>3,660</u>        |
| <b>Total Salaries &amp;<br/>Related Expenses</b> | <u>105,934</u>                    | <u>546,136</u>                    | <u>495,321</u>                  | <u>41,960</u>       |
| and debts  |                                   |                                   |                                 |                     |
| Building maintenance &<br>repairs                | 400                               | 2,282                             | 13,788                          |                     |
| and tax  |                                   |                                   | 77,851                          |                     |
| Central office overhead                          | 97,978                            | 114,044                           | 243,148                         | 18,815              |
| Client allowance                                 |                                   |                                   | 30,844                          |                     |
| Consultants: physicians,<br>therapists, etc.     | 310                               | 4,418                             | 63,780                          |                     |
| Cost of client employment                        |                                   | 44,652                            |                                 |                     |
| Equipment  |                                   |                                   |                                 | 501                 |
| Insurance  | 2,591                             | 87,330                            | 35,272                          |                     |
| Interest   |                                   | 2,822                             | 21,404                          |                     |
| Licenses and membership                          |                                   | 228                               | 2,280                           | 50                  |
| Miscellaneous                                    | 269                               | 878                               | 2,743                           | 45                  |
| Office supplies, printing<br>& copying           | 1,040                             | 2,130                             | 1,384                           |                     |
| Personal needs, food &<br>linen                  |                                   |                                   | 50,600                          |                     |
| Postage  | 181                               | 219                               | 12                              |                     |
| Recreational and training                        | 659                               | 181                               | 9,008                           |                     |
| Rent and lease                                   |                                   | 12                                |                                 |                     |
| Residential overhead                             |                                   |                                   |                                 |                     |
| Supplies   |                                   | 4,279                             | 17,838                          |                     |
| Telephone  | 483                               | 1,078                             | 3,118                           |                     |
| Training, in service                             | 1,817                             | 1,688                             | 2,653                           |                     |
| Travel and seminars                              | 6,928                             | 8,094                             | 647                             | 5                   |
| Utilities  |                                   |                                   | 28,498                          | 21                  |
| Vehicle-gas, oil &<br>repairs                    | <u>1,622</u>                      | <u>68,238</u>                     | <u>13,313</u>                   | <u>    </u>         |
| <b>Total Expenses<br/>Before Depreciation</b>    | <u>180,790</u>                    | <u>663,768</u>                    | <u>1,018,958</u>                | <u>51,439</u>       |
| Depreciation of buildings<br>& equipment         | <u>144</u>                        | <u>41,812</u>                     | <u>38,787</u>                   | <u>    0</u>        |
| <b>Total Expenses</b>                            | <u>\$ 181,234</u>                 | <u>\$ 705,580</u>                 | <u>\$1,057,745</u>              | <u>\$ 51,439</u>    |

See accountant's report on Supplementary Information.



| <u>PERSONAL</u><br><u>CARE</u> | <u>TOTAL</u><br><u>PROGRAM</u><br><u>SERVICES</u> | <u>SUPPORTING</u><br><u>SERVICES</u> | <u>TOTAL</u><br><u>6/30/98</u> |
|--------------------------------|---|--------------------------------------|--------------------------------|
| \$ 59,877                      | \$ 1,043,849                                      | \$ 0                                 | \$ 1,043,849                   |
| <u>9,625</u>                   | <u>188,213</u>                                    | <u>2,821</u>                         | <u>159,408</u>                 |
| <u>69,502</u>                  | <u>1,232,062</u>                                  | <u>2,821</u>                         | <u>1,234,883</u>               |
|                                | 16,830  |                                      | 16,830                         |
|                                | 77,821  |                                      | 77,821                         |
| 58,983                         | 471,444   |                                      | 471,444                        |
|                                | 10,944  |                                      | 10,944                         |
|                                | 68,420  |                                      | 68,420                         |
|                                | 44,652  |                                      | 44,652                         |
| 836                            | 94,889  |                                      | 94,889                         |
|                                | 24,426  |                                      | 24,426                         |
| 80                             | 2,588   |                                      | 2,588                          |
|                                | 2,938   | 1,587                                | 5,442                          |
|                                | 4,354   |                                      | 4,354                          |
|                                | 82,448  |                                      | 82,448                         |
|                                | 412   |                                      | 412                            |
|                                | 9,936   |                                      | 9,936                          |
|                                | 12  |                                      | 12                             |
|                                | 21,924  |                                      | 21,924                         |
|                                | 4,873   |                                      | 4,873                          |
| \$                             | 9,378   |                                      | 9,378                          |
| 114                            | 13,814  |                                      | 13,814                         |
|                                | 20,489  |                                      | 20,489                         |
|                                | <u>82,288</u>                                     |                                      | <u>82,288</u>                  |
| 108,480                        | 2,223,418   | 2,588                                | 2,227,014                      |
| <u>0</u>                       | <u>82,953</u>                                     | <u>0</u>                             | <u>82,953</u>                  |
| <u>\$ 108,480</u>              | <u>\$ 2,306,383</u>                               | <u>\$ 2,588</u>                      | <u>\$ 2,309,963</u>            |

JAMES M. CAMPBELL  
CERTIFIED PUBLIC ACCOUNTANT

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August 26, 1986

INDEPENDENT AUDITOR'S REPORT ON  
SCHEDULE OF FEDERAL/STATE FINANCIAL ASSISTANCE PROGRAMS

Board of Directors  
Options, Inc.  
Hammond, Louisiana

I have audited the basic financial statements of Options, Inc. (a nonprofit organization), as of and for the year ended June 30, 1986, and have issued my report thereon dated August 26, 1986. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these basic financial statements based upon my audit.

I conducted my audit in accordance with generally accepted auditing standards, Governmental Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The audit was conducted for the purpose of forming an opinion on the basic financial statements of Options, Inc., taken as a whole. The accompanying schedule of Federal/State financial assistance is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.



OPTIONS, INCORPORATED  
 SCHEDULE OF FEDERAL/STATE FINANCIAL ASSISTANCE PROGRAMS  
 FOR THE YEAR ENDED JUNE 30, 1988

| FEDERAL GRANTOR/<br>PASS-THROUGH GRANTOR/<br>PROGRAM TITLE  | CFDA<br>OR<br>OTHER<br>NUMBER | PASS-THROUGH<br>GRANTOR'S<br>NUMBER                    | DISBURSEMENTS/<br>EXPENDITURES |
|---|-------------------------------|--|--------------------------------|
| <u>Department of Health and Hospitals</u><br><u>Office for Citizens with Developmental</u><br><u>Disabilities</u> |                               |  |                                |
| Supported Living  |                               | 00001<br>000100<br>0001:<br>55150<br>0001:<br>340-5090 | \$ 10,279                      |
| Vocational and Rehabilitative Services  |                               | 00001<br>000102<br>0001:<br>55100<br>0001:<br>340-5107 | 278,024*                       |
| Total other 001 Awards  |                               |  | 14,303                         |
| <u>Region Nine Office of Community Services</u><br><u>Vocational Rehabilitation</u>                               |                               |  |                                |
|   |                               |  | 16,285                         |
| Total   |                               |  | \$188,611                      |
| *Major Program  |                               |  |                                |

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August 26, 1998

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE  
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH ACCOUNTING AUDITING STANDARDS**

Board of Directors  
Options, Inc.  
Baton Rouge, Louisiana

I have audited the financial statements of Options, Inc. (a nonprofit organization) for the year ended June 30, 1998, and have issued my report thereon dated August 26, 1998.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Options, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of Options, Inc. for the year ended June 30, 1998, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE  
BASED ON AN ASSET OF BASIC FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONCLUDED)

understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The reportable conditions noted are presented in the accompanying Schedule of Internal Control Structure Reportable Conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the management and Board of Directors of Options, Inc., the Legislative Auditor's office and the various granting agencies. However, this report is a matter of public record and its distribution is not limited.



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August 16, 1996

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Options, Inc.  
Baton Rouge, Louisiana

I have audited the financial statements of Options, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued my report thereon dated August 16, 1996.

I conducted my audit in accordance with generally accepted auditing standards, and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Options, Inc. is the responsibility of Options, Inc.'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Options, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Management and the Board of Directors of Options, Inc., the Legislative Auditor's office and the various granting agencies. However, this report is a matter of public record, and its distribution is not limited.



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CPA#298-004  
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August 26, 1998

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS**

Board of Directors  
Options, Inc.  
Hammond, Louisiana

I have audited the financial statements of Options, Inc. (a nonprofit organization) as of and for the year ended June 30, 1998, and have issued my report thereon dated August 26, 1998. I have also audited the Organization's compliance with requirements applicable to major Federal/State programs and have issued my report thereon dated August 26, 1998.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether Options, Inc. complied with laws and regulations, noncompliance with which would be material to a major Federal/State award program.

In planning and performing my audit of Options, Inc. for the year ended June 30, 1998, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements of Options, Inc., and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to Federal/State award programs. I have addressed internal control structure policies and procedures relevant to my audit of the financial statements in a separate report dated August 26, 1998.

The management of Options, Inc. is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURES USED IN ADMINISTERING FEDERAL AWARDS  
(CONTINUED)

The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that Federal/State award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering Federal/State awards in the following categories:

- A. Cash
- B. Government Financial Assistance programs
- C. Program service fees, revenues and receivables
- D. Expenditures for program and supporting services and accounts payable.
- E. Payroll and related liabilities
- F. Property and equipment
- G. Debt and other liabilities

For all of the internal control structure categories listed in the preceding paragraph, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

During the year ended June 30, 1984, Options, Inc. expended 72% of its total Federal/State awards under major programs.

I performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of Options, Inc.'s major Federal/State award programs.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS

(CONCLUDED)

which are identified in the accompanying schedule of Federal/State awards. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Organization's ability to administer Federal/State award programs in accordance with applicable laws and regulations.

The reportable conditions noted are presented in the Accompanying Schedule of Internal Control Structure Reportable conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a Federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure policies and procedures used in administering Federal/State awards would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe that none of the reportable conditions described in the accompanying schedule are material weaknesses.

This report is intended for the information of the Management and Board of Directors of Optics, Inc., and the Legislative Auditor's office. However, this report is a matter of public record, and its distribution is not limited.



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August 28, 1986

**INDEPENDENT AUDITOR'S REPORT**  
**ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE**  
**TO FEDERAL/STATE FINANCIAL ASSISTANCE PROGRAMS**

Board of Directors  
Options, Inc.  
Monroe, Louisiana

I have audited the financial statements of Options, Inc. (a nonprofit organization) as of and for the year ended June 30, 1986, and have issued my report thereon dated August 28, 1986.

I have applied procedures to test the compliance of Options, Inc. with the following requirements applicable to its Federal/State award programs, which are identified in the accompanying schedule of Federal/State financial assistance programs, for the year ended June 30, 1986: Political Activity, Administrative Requirements, Civil Rights, Allowable Costs/Cost Principles, Cash Management, Federal Financial Reports, and Drug-Free Workplace Act.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Learning and other Nonprofit Institutions". My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Options Inc.'s compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that Options, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of the Management and the Board of Directors of Options, Inc., the Legislative Auditor's office and the various granting agencies. However, this report is a matter of public record and its distribution is not limited.



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August 24, 1996

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR  
FEDERAL/STATE FINANCIAL ASSISTANCE PROGRAMS**

Board of Directors  
Options, Inc.  
Monroeville, Louisiana

I have audited the financial statements of Options, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued my report thereon dated August 24, 1996.

I have also audited the compliance of Options, Inc. with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort; or earmarking; reporting; claims for advances and reimbursements; and accounts claimed or used for matching that are applicable to each of its major Federal/State programs, which are identified in the accompanying schedule of Federal/State awards, for the year ended June 30, 1996. The management of Options, Inc. is responsible for the Organization's compliance with these requirements. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." These standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, Options, Inc. complied in all material respects, with the specific requirements referred to in the second paragraph that are applicable to each major Federal/state award program for the year ended June 30, 1996.

This report is intended for the information of the Management and the Board of Directors of Options, Inc., the Legislative Auditor's office and the various granting agencies. However, this report is a matter of public record and its distribution is not limited.



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August 26, 1996

**INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
SOME MAJOR FEDERAL/STATE FINANCIAL ASSISTANCE PROGRAMS**

Board of Directors  
Options, Inc.  
Baton Rouge, Louisiana

I have audited the financial statements of Options, Inc. (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued my report thereon dated August 26, 1996.

In connection with my audit of the financial statements of Options, Inc., and my consideration of Options, Inc.'s internal control structure used to administer Federal/State financial assistance programs as required by the Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," I selected certain transactions applicable to certain nonmajor Federal/State financial assistance programs for the year ended June 30, 1996.

As required by Circular A-133, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, eligibility, and special tests and provisions (if any) that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Options, Inc.'s compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Options, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of the Management and the Board of Directors of Options, Inc., the Legislative Auditor's office and the various granting agencies. However, this report is a matter of public record and its distribution is not limited.



OPTIONS, INC.  
MONROE, LOUISIANA  
INTERNAL CONTROL STRUCTURE REPORTABLE CONDITIONS  
YEAR ENDED JUNE 30, 1988

The results of the test of cash disbursements is summarized as follows:

| Population  |              | Sample      |              |
|-------------|--------------|-------------|--------------|
| <u>Size</u> | <u>Value</u> | <u>Size</u> | <u>Value</u> |
| 3,804       | \$7,100,488  | 60          | \$13,512     |

**Reportable Condition:**

One check for the amount of \$84.66 was not signed.

**Management's Response:**

The signature was inadvertently omitted.

**Criteria:**

Good internal control requires that all checks be signed as part of the internal review procedure to determine that all payments are proper.

**Effect:**

There was no material effect on the financial statements.

**Recommendation:**

All checks should be signed by an authorized signature to insure that disbursements are proper and authorized.