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OPTIONS FOUNDATION, INC.  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 1999

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 1-19-2000

**DATA COLLECTION FORM**

**FOR REPORTING ON AUDITS OF STATE AND LOCAL GOVERNMENT AND QUASIPUBLIC ENTITIES**

OMB Form 0348-0057 may be used as a substitute for this form.

Date Submitted 12/22/99

RETURN to: Legislative Auditor  
Attn: Engagement Processing  
Post Office Box 94397  
Baton Rouge, Louisiana 70804-9397

1. Fiscal Year Ending Date For This Submission:  
6/30/99  
3. Audit Period Covered  
 Annual  Biennial  
 Other to

2. Type of Report  
 Single Audit  GAO Audit Standards Audit  
 Compilation  Compilation/Attestation  
 Program Audit  Other

4. AUDITEE INFORMATION  
Auditee Name  
**OPTIONS FOUNDATION, INC.**  
Street Address (Number and Street)  
**10311 Jefferson Hwy. Ste A-4**  
Mailing Address (PO No.)  
City State Zip  
**Baton Rouge LA 70809**  
Auditee Contact  
Name Title  
**Christine Nichols, President**  
Telephone Fax  
**225-293-6774 225-291-9229**  
Email (Optional)

5. AUDITOR INFORMATION  
Firm Name  
**JAMES M. CAMPBELL, CPA, APC**  
b. Street Address (Number and Street)  
**8939 Jefferson Hwy. 1st Floor, Ste A,B,C**  
Mailing Address (PO No.)  
City State Zip  
**Baton Rouge LA 70809**  
c. Auditor Contact  
Name Title  
**James M. Campbell, CPA**  
Telephone Fax  
**225-926-6047 225-926-6270**  
Email (Optional)

Component Units Included Within the Report and for Which No Separate Report Will Be Issued:  
\_\_\_\_\_

If there are no modifications to the auditor's financial opinion, no reportable conditions, no material weaknesses, no reported instances of noncompliance, and no management letter, check this box; do not complete the rest of the form.

6. FINANCIAL STATEMENTS  
a. Type of audit report on financial statements.  Not Applicable  
 Unqualified Opinion  Qualified Opinion  Adverse Opinion  Disclaimer of Opinion  
b. Is a 'going concern' explanatory paragraph included in the audit report?  Yes  No  
c. Do any of the funds have deficit fund balances?  Yes  No  
d. Is there a related party footnote?  Yes  No

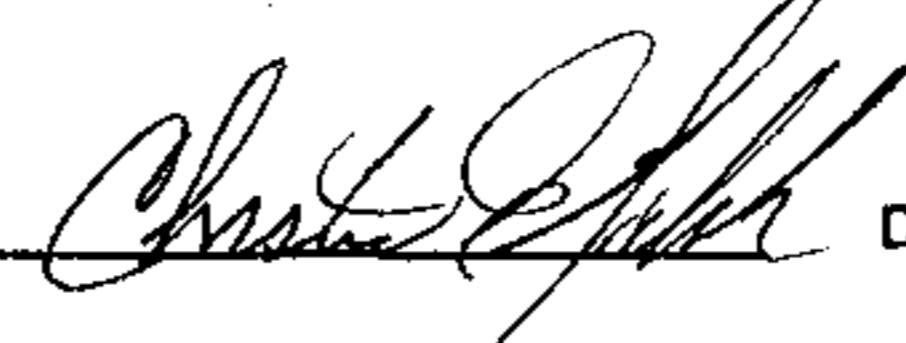
7. INTERNAL CONTROL  
Do the comments on internal control include:  material weaknesses  reportable conditions  not applicable

8. COMPLIANCE  
Do the comments on compliance include:  illegal acts  fraud/criminal acts  not applicable

9. MANAGEMENT LETTER (Finding Caption and No.)  
\_\_\_\_\_  
Resolved  Yes  No  No Longer Applicable  
\_\_\_\_\_  
Resolved  Yes  No  No Longer Applicable  
\_\_\_\_\_  
Resolved  Yes  No  No Longer Applicable

10. SCHEDULE OF CURRENT YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)  
\_\_\_\_\_  
\$ \_\_\_\_\_ Resolved  Yes  No  No Longer Applicable  
\_\_\_\_\_  
\$ \_\_\_\_\_ Resolved  Yes  No  No Longer Applicable  
\_\_\_\_\_  
\$ \_\_\_\_\_ Resolved  Yes  No  No Longer Applicable  
\_\_\_\_\_  
\$ \_\_\_\_\_ Resolved  Yes  No  No Longer Applicable  
\_\_\_\_\_  
\$ \_\_\_\_\_ Resolved  Yes  No  No Longer Applicable  
\_\_\_\_\_  
\$ \_\_\_\_\_ Resolved  Yes  No  No Longer Applicable  
Do any findings address nepotism, ethics violations or related party transactions?  Yes  No  
Do any findings address violation of bond indenture covenants?  Yes  No

11. SCHEDULE OF PRIOR YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)  
\_\_\_\_\_  
Resolved  Yes  No  No Longer Applicable  
\_\_\_\_\_  
Resolved  Yes  No  No Longer Applicable  
\_\_\_\_\_  
Resolved  Yes  No  No Longer Applicable  
\_\_\_\_\_  
Resolved  Yes  No  No Longer Applicable  
\_\_\_\_\_  
Resolved  Yes  No  No Longer Applicable

AUDITEE SIGNATURE  Date 12/29/99

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**JAMES M. CAMPBELL**  
**CERTIFIED PUBLIC ACCOUNTANT**  
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Baton Rouge, Louisiana 70809

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(225) 926-6270 Fax

October 15, 1999

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Options Foundation, Inc.  
Baton Rouge, Louisiana

Ladies and Gentlemen:

I have audited the accompanying statement of financial position of

OPTIONS FOUNDATION, INC.  
(a nonprofit organization)

as of June 30, 1999, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Options Foundation, Inc.'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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that 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 Foundation, Inc. as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Member of:  
American Institute of Certified Public Accountants  
Arkansas Society of Certified Public Accountants  
Society of Louisiana CPA's

INDEPENDENT AUDITOR'S REPORT  
(CONCLUDED)

In accordance with Government Auditing Standards, I have also issued my report dated October 15, 1999, on my consideration of Options Foundation, Inc.'s internal control over financial reporting and my tests of its compliance with laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Options Foundation, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Also, the Statement of Functional Expenses on Page 13 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 CPA, APC

OPTIONS FOUNDATION, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 1999

ASSETS

CURRENT ASSETS

|  |                    |
|--|--------------------|
| Cash                                     | \$ 8,021           |
| Contracts receivable                     | 113,956            |
| Accounts receivable from Related Company | <u>37,670</u>      |
| <br><u>Total Current Assets</u>          | <br><u>159,647</u> |

FIXED ASSETS

|                               |                    |
|-------------------------------|--------------------|
| Land                          | 51,025             |
| Buildings                     | 396,729            |
| Vehicles                      | 58,701             |
| Furniture and Fixtures        | 21,784             |
| Computers and Equipment       | 6,848              |
| Accumulated Depreciation      | <u>(26,208)</u>    |
| <br><u>Total Fixed Assets</u> | <br><u>508,879</u> |

OTHER ASSETS

|          |              |
|----------|--------------|
| Deposits | <u>2,301</u> |
|----------|--------------|

|                     |                |
|---------------------|----------------|
| <u>TOTAL ASSETS</u> | <u>670,827</u> |
|---------------------|----------------|

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

|                                      |                    |
|--------------------------------------|--------------------|
| Bank overdraft                       | 11,497             |
| Accounts payable                     | 20,844             |
| Accounts payable to Related Company  | 270,627            |
| Payroll Taxes and related payables   | 7,525              |
| Accrued Salaries                     | 10,880             |
| Note Payable                         | <u>9,928</u>       |
| <br><u>Total Current Liabilities</u> | <br><u>331,301</u> |

LONG TERM LIABILITIES

|              |                |
|--------------|----------------|
| Note Payable | <u>235,924</u> |
|--------------|----------------|

|                          |                |
|--------------------------|----------------|
| <u>TOTAL LIABILITIES</u> | <u>567,225</u> |
|--------------------------|----------------|

NET ASSETS

|                         |                |
|-------------------------|----------------|
| Unrestricted Net Assets | <u>103,602</u> |
|-------------------------|----------------|

|                         |                |
|-------------------------|----------------|
| <u>TOTAL NET ASSETS</u> | <u>103,602</u> |
|-------------------------|----------------|

|   |                |
|---|----------------|
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>670,827</u> |
|---|----------------|

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

OPTIONS FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 1999

UNRESTRICTED NET ASSETS

|  |               |
|--|---------------|
| Unrestricted Support Revenues:                               |               |
| Grant-Office Community Service Residential Treatment Service | \$ 384,510    |
| Grant-Mental Health  | 104,429       |
| Grant-Office of Mental Health                                | 19,844        |
| Grant-Family Support   | 45,900        |
| Grant-HUD/City of Baton Rouge                                | 167,900       |
| Other  | 22,359        |
| Net Assets Released From Restrictions                        | <u>74,129</u> |

|  |                |
|--|----------------|
| Total Unrestricted Support, Revenues and Reclassifications | <u>819,071</u> |
|--|----------------|

EXPENSES

|  |               |
|--|---------------|
| Program Services:                                |               |
| Community Service Residential Treatment Services | 436,086       |
| Family Support                                   | 49,207        |
| Options Villa                                    | 155,972       |
| Supporting Services:                             |               |
| Management and General                           | <u>81,942</u> |

|                       |                |
|-----------------------|----------------|
| <u>Total Expenses</u> | <u>723,207</u> |
|-----------------------|----------------|

|  |        |
|--|--------|
| <u>INCREASE IN UNRESTRICTED NET ASSETS</u> | 95,864 |
|--|--------|

TEMPORARILY RESTRICTED NET ASSETS

|                                       |                 |
|---------------------------------------|-----------------|
| Net Assets Released from Restrictions |                 |
| Restrictions Satisfied by Payments    | <u>(74,129)</u> |

|   |                 |
|---|-----------------|
| <u>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</u> | <u>(74,129)</u> |
|---|-----------------|

|  |        |
|--|--------|
| <u>INCREASE (DECREASE) IN NET ASSETS</u> | 21,735 |
|--|--------|

|                          |               |
|--------------------------|---------------|
| NET ASSETS, JULY 1, 1998 | <u>81,867</u> |
|--------------------------|---------------|

|                           |                |
|---------------------------|----------------|
| NET ASSETS, JUNE 30, 1999 | <u>103,602</u> |
|---------------------------|----------------|

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

OPTIONS FOUNDATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 1999

|  |                      |
|--|----------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>   |                      |
| Change in Net Assets   | \$ 21,735            |
| Adjustments to reconcile change in net assets<br>to net cash provided (used by) operating<br>activities: |                      |
| Depreciation   | 20,623               |
| Contracts Receivable   | (59,132)             |
| Accounts Receivable-Related Company  | (35,040)             |
| Deposits   | 2,080                |
| Accounts Payable   | 16,594               |
| Due to Related Company   | 160,424              |
| Payroll Taxes Payable  | 5,017                |
| Accrued Salaries   | <u>4,118</u>         |
| <br><u>NET CASH FROM OPERATING<br/>ACTIVITIES</u>  | <br><u>136,419</u>   |
| <br><u>CASH FLOWS FROM INVESTING ACTIVITIES</u>  |                      |
| Purchase of Buildings and Land   | (291,086)            |
| Purchase of Furniture and Fixtures   | <u>(17,120)</u>      |
| <br><u>NET CASH FROM INVESTING<br/>ACTIVITIES</u>  | <br><u>(308,206)</u> |
| <br><u>CASH FLOWS FROM FINANCING ACTIVITIES</u>  |                      |
| Loan Proceeds  | 94,357               |
| Loan Payments  | <u>(3,240)</u>       |
| <br><u>NET CASH FROM FINANCING<br/>ACTIVITIES</u>  | <br><u>91,117</u>    |
| <br><u>INCREASE IN CASH AND<br/>CASH EQUIVALENTS</u>   | <br><u>(80,670)</u>  |
| <br><u>CASH AND CASH EQUIVALENTS,<br/>BEGINNING OF YEAR</u>  | <br>88,691           |
| <br><u>CASH AND CASH EQUIVALENTS,<br/>END OF YEAR</u>  | <br><u>8,021</u>     |
| <br><u>SUPPLEMENTAL INFORMATION</u>  |                      |
| Interest Paid  | <u>17,380</u>        |

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



OPTIONS FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

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

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

Options Foundation, Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Options Foundation, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 1999.

B. 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 and on estimates made by Options Foundation, Inc.'s management for the related activities.

C. DONATED PROPERTY AND EQUIPMENT

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 assets.

D. CASH AND CASH EQUIVALENTS

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

OPTIONS FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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 materially from those estimates.

NOTE 2: NET ASSETS

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Options Foundation, Inc. and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Options Foundation, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by Options Foundation, Inc. Generally, the donors of these assets permit Options Foundation, Inc. to use all or part of the income earned on any related investments for general or specific purposes.

B. FINANCIAL STATEMENT PRESENTATION

In 1997, Options Foundation, Inc. adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, Options Foundation, Inc. is required to report information regarding its financial position and activities

OPTIONS FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 2: NET ASSETS (CONTINUED)

according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence or absence of donor-imposed restrictions. As permitted by this Statement, Options Foundations, Inc. has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. The reclassification has no cumulative effect on the change in net assets for the year ended June 30, 1999.

Options Foundation, Inc. also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made", in 1997. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The adoption had no cumulative effect on net assets at the date of adoption.

NOTE 3: FIXED ASSETS

Fixed assets acquired by Options Foundation, Inc. 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 \$500 or more, and an estimated useful life of at least two years.

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

Estimated Useful Life

|                          |              |
|--------------------------|--------------|
| Furniture and Equipment  | 5 - 12 years |
| Transportation Equipment | 5 years      |

Depreciation expense for the year ending June 30, 1999, was \$20,623.

OPTIONS FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 4: ACCOUNTS RECEIVABLE

Receivables at June 30, 1999, are summarized below.

|  |                   |
|--|-------------------|
| DHH Office of Mental Health                                    | \$ 31,263         |
| Department of Social Services,<br>Office of Community Services | 36,793            |
| Office of Housing and Urban<br>Development                     | <u>45,900</u>     |
|  | <u>\$ 113,956</u> |

NOTE 5: ACCRUED VACATION/LEAVE - EMPLOYEE BENEFITS

Options Foundation, Inc.'s 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. There was no accrued vacation at June 30, 1999.

NOTE 6: COMMITMENTS AND CONTINGENCIES

Options Foundation, Inc. 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 Foundation, Inc. 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 7: CONCENTRATION OF CREDIT RISK

Options Foundation, Inc. maintains several bank accounts at one bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at these institutions did not exceed federally insured limits at June 30, 1999.

OPTIONS FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 8: 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.

The estimated fair values of Options Foundation Inc.'s financial instruments at June 30, 1999, are as follows:

|                           | <u>Carrying<br/>Amount</u> | <u>Fair<br/>Value</u> |
|---------------------------|----------------------------|-----------------------|
| Financial Assets:         |                            |                       |
| Cash and Cash Equivalents | \$ 8,021                   | \$ 8,021              |
| Notes Payable             | 245,852                    | 245,852               |

NOTE 9: LEASED FACILITIES

Facilities used by Options Foundation, Inc. were leased for \$24,000 per year from a related organization. The lease is a month to month lease for a period commencing July 1, 1997. The lease requires a 30 day notice to terminate. The total minimum future lease payments were \$2,000 at June 30, 1999.

NOTE 10: RELATED PARTY TRANSACTIONS

Options Foundation, Inc. has contracted with a related organization to provide administrative and clinical support for \$3,500 per month or \$42,000 annually. The related company also provides group therapy for a per diem rate of \$120 per day. Options paid \$1,000 per month or \$12,000 annually to the related organization for other facilities under an informal month to month rent agreement. Another related company provides transportation for \$5,100 per month or \$61,200 per year. Transportation expense for the year ended June 30, 1999, was \$64,013.

The President of Options Foundation, Inc. owns 100% of the related organizations.

OPTIONS FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 11: NOTES PAYABLE

Notes payable consist of a loan for land and building. This loan has a seven year term commitment with an interest rate of 7% and is secured by a first mortgage on the land and building. Principle maturities are as follows:

|            |                  |
|------------|------------------|
| 2000       | \$ 9,928         |
| 2001       | 10,656           |
| 2002       | 11,437           |
| 2003       | 12,276           |
| 2004       | 13,176           |
| 2005       | 14,142           |
| Thereafter | <u>174,237</u>   |
|            | <u>\$245,852</u> |

NOTE 12: RESTRICTIONS ON NET ASSETS

Options Foundation, Inc. has obtained a grant through the City of Baton Rouge and Housing and Urban Development (HUD). Total funds received from this grant were \$77,000, for 1998, of which \$2,871 had been disbursed by the June 30, 1998 year end. This grant was restricted for the cost of acquiring another facility. Restrictions of the grant are considered to expire when payments are made. The amount of the grant disbursed in the current period, or \$74,129, is recorded as unrestricted net assets.

NOTE 13: BAD DEBTS

Uncollectible Contracts receivable are charged directly to earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

NOTE 14: YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electrical data processing systems and other related equipment that may adversely effect operations in the year 1999 and beyond. Many programs (if not corrected) will not be able to distinguish between the year 2000 and the year 1900. Options Foundation, Inc. has obtained the latest computer equipment and accounting software currently available because of this potential problem.

SUPPLEMENTARY INFORMATION

OPTIONS FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 1999

PROGRAM SERVICES

|                        | <u>COMMUNITY<br/>SERVICE</u> | <u>FAMILY<br/>SUPPORT</u> | <u>OPTIONS<br/>VILLA</u> | <u>MANAGEMENT<br/>&amp; GENERAL</u> |
|------------------------|------------------------------|---------------------------|--------------------------|-------------------------------------|
| Salaries               | \$ 220,731                   | \$                        | \$ 95,322                | \$ 14,899                           |
| Payroll Taxes          | <u>17,141</u>                |                           | <u>7,402</u>             | <u>1,157</u>                        |
| Total                  | 237,872                      |                           | 102,724                  | 16,056                              |
| Depreciation           | 12,794                       |                           | 7,829                    |                                     |
| Bad Debts              |                              |                           |                          | 7,280                               |
| Auto Mileage           | 861                          |                           | 505                      | 2,306                               |
| Office expense         | 883                          |                           | 790                      | 1,563                               |
| Supplies               | 2,776                        | 2,800                     | 581                      | 2,109                               |
| Repair & maintenance   | 7,430                        |                           | 8,259                    | 256                                 |
| Lease                  | 25,800                       |                           |                          | 8,910                               |
| Telecommunications     | 4,406                        |                           | 2,996                    | 111                                 |
| Utilities              | 8,883                        |                           | 10,679                   |                                     |
| Education & Newsletter |                              |                           |                          | 150                                 |
| Business Gifts         | 789                          |                           | 414                      | 317                                 |
| Books & Subscriptions  | 1,177                        |                           | 327                      | 119                                 |
| Professional           |                              |                           | 1,201                    | 8,056                               |
| Clothing               | 3,710                        |                           |                          |                                     |
| Food supply            | 22,698                       |                           |                          |                                     |
| Medical supply         | 293                          |                           |                          |                                     |
| Recreation/Allowances  | 4,390                        |                           |                          |                                     |
| Insurance              | 2,922                        |                           | 1,830                    | 2,214                               |
| Contract Services      | 45,964                       | 40,996                    | 2,520                    | 22,412                              |
| Meals & Entertainment  | 78                           |                           | 53                       | 1,305                               |
| Donations              |                              |                           |                          | 390                                 |
| Taxes & licenses       | 1,906                        |                           |                          | 5                                   |
| Travel                 | 108                          | 5,411                     | 107                      |                                     |
| Miscellaneous          | 691                          |                           | 3,406                    | 2,198                               |
| Transportation         | 49,655                       |                           |                          |                                     |
| Bank & Billing Charges |                              |                           |                          | 556                                 |
| Interest               |                              |                           | <u>11,751</u>            | <u>5,629</u>                        |
| <u>Total Expenses</u>  | <u>436,086</u>               | <u>49,207</u>             | <u>155,972</u>           | <u>81,942</u>                       |



OPTIONS FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 1999

PROGRAM SERVICES

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TOTALS

\$330,952

25,700

356,652

20,623

7,280

3,672

3,236

8,266

15,945

34,710

7,513

19,562

150

1,520

1,623

9,257

3,710

22,698

293

4,390

6,966

111,892

1,436

390

1,911

5,626

6,295

49,655

556

17,380

723,207

OPTIONS FOUNDATION, INC.  
SCHEDULE OF FEDERAL/STATE FINANCIAL ASSISTANCE PROGRAMS  
FOR THE YEAR ENDED JUNE 30, 1999

| <u>FEDERAL GRANTOR/<br/>PASS-THROUGH GRANTOR/<br/>PROGRAM TITLE</u>                  | <u>CFDA<br/>PASS-THROUGH<br/>GRANTOR'S<br/>NUMBER</u> | <u>DISBURSEMENTS/<br/>EXPENDITURES</u> |                             |
|--|---|--|-----------------------------|
|  |   | <u>FEDERAL</u>                         | <u>STATE</u>                |
| DHH Office of Mental Health<br>Social Services Contract                              | MH 5002S  |  | \$ 82,229                   |
| DHH Office of Mental Health  | CFMS 539326   |  | 19,844                      |
| Office of Community Services<br>Residential Treatment Service<br>for Foster Children | CFDA 93.645   | \$ 260,548                             | 122,612                     |
| DHH Office of Mental Health<br>Social Services Contract                              | CFDA 93.958   | 36,720                                 | 9,180                       |
| HUD/City of Baton Rouge<br>Supportive Housing Program                                | LA 48B96-0003   | <u>167,900</u>                         | <u>                    </u> |
| TOTALS   |   | <u>\$ 465,168</u>                      | <u>\$ 233,865</u>           |

**JAMES M. CAMPBELL**  
**CERTIFIED PUBLIC ACCOUNTANT**

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8939 Jefferson Hwy. First Floor, Suites A B C  
Baton Rouge, Louisiana 70809

October 15, 1999

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors  
Options Foundation, Inc.  
Baton Rouge, Louisiana

I have audited the financial statements of Options Foundation, Inc. (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued my report thereon dated October 15, 1999. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Options Foundation, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, 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.

Internal Control Over Financial Reporting

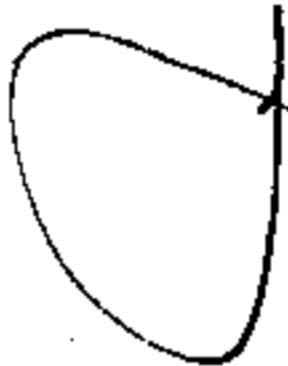
In planning and performing my audit, I considered Options Foundation, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONCLUDED)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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.

I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

 James M. Campbell CPA, AICPA

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October 15, 1999

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

Board of Directors  
Options Foundation, Inc.  
Baton Rouge, Louisiana

Compliance

I have audited the compliance of Options Foundation, Inc., (a non-profit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. Options Foundation, Inc.'s major federal programs are identified in the Schedule of Federal Awards in the Supplementary Information Section. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Options Foundation Inc.'s management. My responsibility is to express an opinion on Options Foundation Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Options Foundation, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Options Foundation, Inc.'s compliance with those requirements.

In my opinion, Options Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

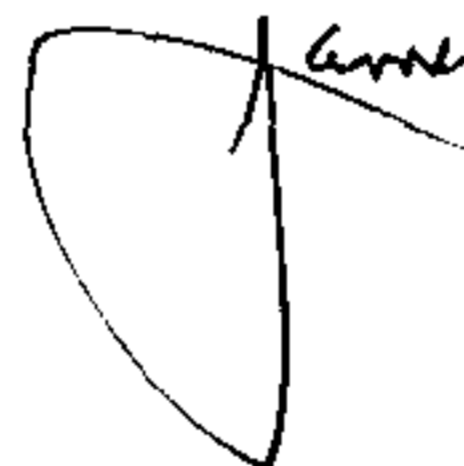
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133  
(CONCLUDED)

Internal Control Over Compliance

The management of Options Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Options Foundation, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weakness.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Legislative Auditor, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

 James M. Campbell CFA, CPA

October 15, 1999

OPTIONS FOUNDATION, INC.  
INDEPENDENT AUDITOR'S SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 1998

98-1 Finding: Resolved

One bank account was not reconciled for May and June 1998 for the Family Support Contract, DHH Office of Mental Health Social Services, Contract (CFDA 93-958). Expenses totaling \$6,708 were not recorded for May and June 1998.

Recommendations:

All bank accounts should be reconciled each month to insure that all income and expenses are properly recorded. These reconciliations should be completed promptly after receiving the monthly bank statements.

Management's Response:

Monthly reconciliations of this bank account will be required. Reconciliations are normally prepared each month for each bank account. Due to an oversight, these two months were not reconciled until after financial statements had been prepared. Procedures have been put in place to insure that these bank accounts are reconciled in a timely manner.