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OPTIONS, INC.  
HAMMOND, LOUISIANA  
FINANCIAL STATEMENTS  
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 1-12-00

OPTIONS, INC.  
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**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

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

3. Audit Period Covered  
 Annual     Biennial  
 Other    to

4. AUDITEE INFORMATION			5. AUDITOR INFORMATION		
Auditee Name <b>OPTIONS, INC.</b>			Firm Name <b>JAMES M. CAMPBELL, CPA, APC</b>		
Street Address (Number and Street) <b>19362 W. Shelton Road</b>			b. Street Address (Number and Street) <b>8939 Jefferson Hwy. 1st Floor, Ste A,B,C</b>		
Mailing Address (PO No.)			Mailing Address (PO No.)		
City <b>Hammond</b>	State <b>LA</b>	Zip <b>70401</b>	City <b>Baton Rouge</b>	State <b>LA</b>	Zip <b>70809</b>
Auditee Contact Name <b>Sylvia S. Bush</b> Title <b>Executive Dir</b>			c. Auditor Contact Name <b>James M. Campbell, CPA</b> Title		
Telephone <b>504-345-6269</b> Fax <b>504-345-0297</b>			Telephone <b>225-926-6047</b> Fax <b>225-926-6270</b>		
Email (Optional)			Email (Optional)		

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

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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 <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable

10. SCHEDULE OF CURRENT YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)

_____	\$ _____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	\$ _____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	\$ _____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	\$ _____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	\$ _____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	\$ _____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> 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 <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable
_____	Resolved <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Longer Applicable

AUDITEE SIGNATURE Sylvia S. Bush    Date 12/16/99  
Options Exec. Dir.

**JAMES M. CAMPBELL**  
**CERTIFIED PUBLIC ACCOUNTANT**  
A PROFESSIONAL CORPORATION  
8939 Jefferson Hwy. First Floor, Suites A B C  
Baton Rouge, Louisiana 70809

(225) 926-6047  
(225) 928-0146  
(225) 926-6270 Fax

September 7, 1999

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Options, Inc.  
Hammond, Louisiana

Ladies and Gentlemen:

I have audited the accompanying statement of financial position of

OPTIONS, 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 Option, 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, 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 September 7, 1999, on my consideration of Options, Inc.'s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

My audit was performed for the purpose of forming an opinion on the basic financial statements of Options, 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 Schedule of Functional Expenses on Page 15 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, AICPA

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

ASSETS

ASSETS

Cash	\$ 411,949
Investments	50,122
Accounts receivable	329,868
Prepaid expenses	2,297
Deposits	6,000
Land	112,733
Building and improvements	536,667
Furniture and fixtures	276,790
Vehicles	516,116
Less: accumulated depreciation	<u>(763,866)</u>

TOTAL ASSETS

\$ 1,478,676

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	49,464
Escrow account payable	108
Cafeteria plan payable	23,775
Compensated absences payable	25,763
Accrued salaries	51,607
Other payables	43,051
Notes payable	<u>120,282</u>

Total Liabilities

314,050

NET ASSETS

Unrestricted net assets:

Operations

1,164,626

Total Net Assets

1,164,626

TOTAL LIABILITIES AND NET ASSETS

\$ 1,478,676

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

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

<u>PUBLIC SUPPORT</u>	
Contributions	\$ <u>62,469</u>
<u>GOVERNMENT GRANTS</u>	
State grants and Title XIX	<u>2,329,312</u>
<u>OTHER REVENUE</u>	
Program service fees	195,000
Contract work	337,878
Interest income	10,510
Other income	<u>2,420</u>
<u>Total Other Revenue</u>	<u>545,808</u>
<u>TOTAL PUBLIC SUPPORT,</u>	
<u>GOVERNMENT GRANTS,</u>	
<u>AND OTHER REVENUE</u>	<u>2,937,589</u>
<u>EXPENSES</u>	
Program Services:	
Supervised apartments	392,254
Habilitation Program	865,956
Residential programs	1,048,359
Respite care	68,286
Personal care	282,823
Crisis intervention	<u>10,311</u>
<u>Total Program Services</u>	<u>2,667,989</u>
<u>SUPPORTING SERVICES</u>	
Management and general	<u>10,188</u>
<u>TOTAL EXPENSES</u>	<u>2,678,177</u>
<u>CHANGE IN NET ASSETS</u>	259,412
<u>NET ASSETS, BEGINNING OF YEAR</u>	<u>905,214</u>
<u>NET ASSETS, END OF YEAR</u>	<u>\$ 1,164,626</u>

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

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

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Excess (deficiency) of support and revenue over expenses (Change in net assets)	\$ 259,412
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	93,649
(Increase) decrease in:	
Accounts receivable	(97,192)
Prepaid expenses	9,762
Increase (decrease) in:	
Accounts payable	(59,884)
Escrow account payable	(17,210)
Cafeteria plan payable	8,258
Compensated absences payable	33
Accrued salaries	51,607
Other payables	<u>(32,251)</u>
 <u>NET CASH FROM OPERATING ACTIVITIES</u>	 <u>216,184</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Sale of investment securities	25,224
Purchases of property and equipment	<u>(102,080)</u>
 <u>NET CASH FROM INVESTING ACTIVITIES</u>	 <u>(76,856)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	
Payments of notes payable	<u>(37,157)</u>
 <u>NET CASH FROM FINANCING ACTIVITIES</u>	 <u>(37,157)</u>
 <u>INCREASE IN CASH AND CASH EQUIVALENTS:</u>	 \$ 102,171
 <u>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR:</u>	 <u>309,778</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR:</u>	<u>\$ 411,949</u>
 <u>SUPPLEMENTAL INFORMATION</u>	
Interest expense	<u>\$ 9,735</u>

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



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

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 development disabilities. These services include adult supervised living and supported employment programs in Hammond, Louisiana and the surrounding parishes of Tangipahoa and Livingston.

B. BASIS 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 509(a) of the Internal Revenue Code. There was no unrelated business income for 1999.

D. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

E. CONTRIBUTIONS

Donations of property and equipment are recorded as support at their estimated fair value. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

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. INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet as required by Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations."

H. 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.

I. SUPPORT AND REVENUE

Options receives its grant and contract support primarily from the State Department of Health and Hospitals and other State Agencies (see Note 3: Summary of Grants/Contracts Funding). Support received from those grants and contracts is recognized when it is earned. Options receives client fees, Medicaid income, and Medicare income for billable client services and recognizes these fees and income when earned.

NOTE 2: 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 \$500 or more, and an estimated useful life of at least one year.

Options follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$500.

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

NOTE 2: FIXED ASSETS, (CONTINUED)

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	5-12 years
Leasehold Improvements	8-40 years
Transportation Equipment	5 years
Buildings	31 years

Depreciation expense of \$93,649, which includes capital lease amortization, was deducted at June 30, 1999.

NOTE 3: SUMMARY OF STATE CONTRACT FUNDING

<u>Funding Source</u>	<u>Contract Number</u>	<u>Contract Period</u>	<u>Total Contract</u>	<u>Recognized Support</u>
State Dept. of Health & Hospitals	65052	7/1/98-6/30/99	\$321,382	\$ 321,382
State Dept. of Health & Hospitals	65039	7/1/98-6/30/99	59,007	56,327
State Dept. of Health & Hospitals	64688	7/1/98-6/30/99	10,000	8,306
State Dept. of Health & Hospitals	62706	7/1/98-6/30/99	15,000	<u>13,090</u>
Total Contracts				<u>\$ 399,105</u>

NOTE 4: ACCOUNTS RECEIVABLE

Receivables at June 30, 1999, 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>	
Habilitation Services	\$ 22,997
Other Services	56,575
Supervised Apartment	54,992

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

NOTE 4: ACCOUNTS RECEIVABLE (CONTINUED)

Residential - "Our House"	25,377
Residential - "Fortenberry House"	26,705
Residential - "Alpha House"	28,573
Residential - "La Casa"	35,254
<u>Due from private sector:</u>	
Contract work	74,994
Other receivables	<u>4,401</u>
	<u>\$329,868</u>

NOTE 5: ACCRUED 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:

<u>EMPLOYEE CLASSIFICATION</u>	<u>ACCRUAL RATE</u>
40 hour employees	6.67 to 14 hours per month Maximum 168 hours
35-39 hour employees	5.80 to 12.25 hours per month Maximum 147 hours
30-34 hour employees	5 to 10.5 hours per month Maximum 126 hours

The leave policy for the year ending June 30, 1999 permitted employees to carryover five days of leave to the following year. Accrued leave at June 30, 1999 was \$25,763.

NOTE 6: LONG-TERM DEBT

Notes payable consist of the following:

Note payable to Deposit Guaranty Bank, due in monthly installments of \$2,398.05 including interest at 7.5%. The note is secured by: first mortgage on real estate located at Illinois and Easy Street; second mortgage on a house located at General

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

NOTE 6: LONG-TERM DEBT, (CONTINUED)

Pershing; first mortgage on a office building located in Industrial Park; and first mortgage on a house located on North Oak St., Hammond, Louisiana. 10,797

Note payable to Elvia P. Jackman, due in monthly installments of \$1,023.00 including interest at 8%, collateralized by a house located at North General Pershing, Hammond, Louisiana. 41,668

Note payable to Deposit Guaranty Bank, due in monthly installments of \$1,027.19 including interest at 8%, collateralized by a first mortgage on a house and land located on General Ott Road, Hammond, Louisiana. 67,817

Less current maturities 120,282  
(21,806)  
\$ 98,476

Principle maturities of debt are as follows:

2000	21,806
2001	11,924
2002	12,913
2003	13,985
2004	15,146
thereafter	44,508
	<u>\$120,282</u>

NOTE 7: 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 or state government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to, and audited by, the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs.

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

NOTE 7: COMMITMENTS AND CONTINGENCIES, (CONTINUED)

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, 1999, totaled \$11,292.

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

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, 1999, totaled \$92,623.

NOTE 10: CONCENTRATION OF CREDIT RISK

Options maintains several bank accounts at several 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 \$102,943 as of June 30, 1999.

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

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.

Investments - Fair value approximates carrying value because the investment is in an indexed fund.

Notes payable - Fair value approximates carrying value because 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, 1999, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial Assets:		
Cash and cash equivalents	\$411,949	\$411,949
Investments	50,122	50,122
Financial liabilities:		
Notes payable	120,282	120,282

NOTE #12: 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, Inc. has obtained the latest computer equipment and accounting software currently available because of this potential problem.

SUPPLEMENTARY INFORMATION



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

	<u>SUPERVISED APARTMENTS</u>	<u>HABILITATION PROGRAM</u>	<u>RESIDENTIAL PROGRAMS</u>	<u>RESPITE CARE</u>
Salaries	\$ 189,967	\$ 496,674	\$ 402,818	\$ 36,430
Payroll taxes and fringe benefits	<u>26,457</u>	<u>68,439</u>	<u>55,517</u>	<u>4,885</u>
<u>Total Salaries &amp; Related Expenses</u>	<u>216,424</u>	<u>565,113</u>	<u>458,335</u>	<u>41,315</u>
Building-maintenance & repairs	372	2,553	17,082	
Bed tax			83,867	
Central office overhead	152,411	106,971	203,972	24,727
Client allowance			3,648	
Consultants: physicians, therapists, etc.	510	2,105	80,109	2
Cost of client employment		34,735		
Equipment		264	790	
Fundraising				
Insurance	2,771	40,118	24,767	237
Interest		728	8,890	
License and membership		377	2,480	50
Miscellaneous	108	2,472	6,123	12
Office supplies, printing & copying	605	1,604	2,160	
Personal needs, food & linen		58	52,756	
Postage	182	123	6	
Recreational and training	915	251	6,792	
Supplies	179	4,323	16,650	
Telephone	670	1,182	3,784	
Training, in service	2,009	3,994	255	
Travel and seminars	4,608	10,762	1,890	1,887
Utilities	98	1,188	23,520	
Vehicle-gas, oil & repairs	<u>4,792</u>	<u>58,265</u>	<u>16,489</u>	<u>56</u>
<u>Total Expenses Before Depreciation</u>	<u>386,654</u>	<u>837,186</u>	<u>1,014,365</u>	<u>68,286</u>
Depreciation of buildings & equipment	<u>5,600</u>	<u>28,770</u>	<u>33,994</u>	<u>0</u>
<u>Total Expenses</u>	<u>\$ 392,254</u>	<u>\$ 865,956</u>	<u>\$1,048,359</u>	<u>\$ 68,286</u>

See auditor's report.

<u>CRISIS INTERVENTION</u>	<u>PERSONAL CARE</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	<u>TOTAL 6/30/98</u>
\$ (170)	\$ 153,818	\$ 1,279,537	\$	\$ 1,279,537
(74)	21,453	176,677		176,677
(244)	175,271	1,456,214		1,456,214
		20,007		20,007
		83,867		83,867
	104,856	592,937		592,937
		3,648		3,648
10,508		93,234	75	93,309
		34,735		34,735
		1,054		1,054
			8,124	8,124
(3)	995	68,885		68,885
		9,618		9,618
	50	2,957		2,957
		8,715	227	8,942
		4,369	12	4,381
		52,814		52,814
		311		311
		7,958		7,958
	1	21,153		21,153
		5,636		5,636
		6,258	1,670	7,928
50	1,650	20,847	80	20,927
		24,806		24,806
		79,602		79,602
10,311	282,823	2,599,625	10,188	2,609,813
0	0	68,364	0	68,364
<u>\$ 10,311</u>	<u>\$ 282,823</u>	<u>\$ 2,667,989</u>	<u>\$ 10,188</u>	<u>\$ 2,678,177</u>

OPTIONS, INCORPORATED  
SCHEDULE OF FEDERAL/STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 1999

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>CFDA OR OTHER NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>
<u>Department of Health and Hospitals</u>			
<u>Office for Citizens with Developmental</u>			
<u>Disabilities</u>			
Supported Living		OCDD# 000062 DHH#: 065039 DOA#: 340-900491	\$ 56,327
Vocational and Habilitative Services		OCDD# 0000052 DHH#: 65052 DOA#: 340-900484	321,382*
Total Other DHH Awards			<u>21,396</u>
Total			<u>\$ 399,105</u>

\*Major Program

See auditor's report.

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

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

September 7, 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, Inc.  
Hammond, Louisiana

I have audited the financial statements of Options, Inc. (a nonprofit organization) as of and for the year ended June 30, 1999, and have issued my report thereon dated September 7, 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, 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, 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. 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

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)

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, 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, AAC

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September 7, 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, Inc.  
Hammond, Louisiana

Compliance

I have audited the compliance of Options, Inc. 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. Option Inc.'s major federal/state programs are identified in the Schedule of Federal/State Awards on page number 16. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Option Inc.'s management. My responsibility is to express an opinion on Option 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, 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 Option, Inc.'s compliance with those requirements.

In my opinion, Options, 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, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Option 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 weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, 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, APC

OPTIONS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 1999

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Options, Inc.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Options, Inc. were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Options, Inc. expresses an unqualified opinion on all major federal award programs.
6. No audit findings relative to the major federal award programs for Options, Inc. are reported.
7. The programs tested as major programs included: Vocational and Habilitative Services- 340-900484.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Options, Inc. was determined to be a low-risk auditee.