

**TEXARKANA SPECIAL EDUCATION  
CENTER, INC. AND RELATED  
ENTITIES DBA OPPORTUNITIES, INC.  
TEXARKANA, TEXAS**

---

**Financial Statements**

**Year Ended June 30, 2019**

# Table of Contents

Page

## FINANCIAL STATEMENTS

Independent Auditor's Report .....	1
Combined Statement of Financial Position .....	4
Combined Statement of Activities .....	5
Combined Statement of Functional Expenses .....	6
Combined Statement of Cash Flows .....	10
Notes to the Combined Financial Statements .....	11

## SINGLE AUDIT COMPLIANCE INFORMATION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	22
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance .....	24

## SUPPLEMENTARY INFORMATION

Schedule of Findings and Questioned Costs .....	27
Status of Prior Audit Findings .....	30
Schedule of Expenditures of Federal Awards .....	31
Schedule of Expenditures of State Awards .....	33
Notes to the Schedule of Expenditures of Federal Awards .....	34
Combining Statement of Financial Position .....	36
Combining Statement of Activities .....	38
Schedule of Units of Service for the Child and Adult Care Food Program .....	40



## Independent Auditor's Report

2702 N. Loop 1604 E.  
San Antonio, TX 78232

210-979-0055

210-979-0058

www.HaynieCPAs.com

To the Board of Directors  
Texarkana Special Education Center, Inc. and Related Entities dba Opportunities, Inc.  
Texarkana, TX

### Report on the Financial Statements

We have audited the accompanying combined financial statements of Texarkana Special Education Center, Inc. and Related Entities dba Opportunities, Inc. (the Center) (a nonprofit organization), which comprise the combined statements of financial position as of June 30, 2019, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

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

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

## Independent Auditor's Report (Continued)

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other-Matters

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplementary information shown on pages 36 to 40 is presented for purposes of additional analysis and is not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards shown on pages 31 to 35, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

## Independent Auditor's Report (Continued)

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

*Haynie & Co.*

San Antonio, Texas  
October 15, 2019

## **Financial Statements**

**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Combined Statement of Financial Position**  
**As of June 30, 2019**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$	379,175
Accounts Receivable, Net		513,652
Prepaid Expenses		20,989
Total Current Assets		913,816

**OTHER ASSETS**

Deposit Held in Trust - Tenant Security Deposit		24,155
Client Funds Held in Trust		65,203
Reserve for Replacement		387,773
Total Other Assets		477,131

**FIXED ASSETS**

Property and Equipment		16,015,566
Accumulated Depreciation		(9,402,869)
Total Fixed Assets		6,612,697

<b>TOTAL ASSETS</b>	<b>\$</b>	<b>8,003,644</b>
---------------------	-----------	------------------

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$	225,337
Other Payables		12,745
Accrued Salaries		175,563
Client Funds Held In Trust		57,123
Line of Credit		50,000
Capital Lease Payable - Current Portion		10,431
Notes Payable - Current Portion		44,501
Mortgages Payable - Current Portion		152,799
Accrued Interest Payable		6,871
Total Current Liabilities		735,370

**LONG-TERM LIABILITIES**

Tenant Security Deposit		24,155
Capital Lease Payable - Net of Current Maturities		25,803
Notes Payable - Net of Current Maturities		169,632
Mortgages Payable - Net of Current Maturities		738,542
Total Long-Term Liabilities		958,132

<b>TOTAL LIABILITIES</b>		<b>1,693,502</b>
--------------------------	--	------------------

**NET ASSETS**

Net Assets Without Donor Restrictions		6,310,142
Total Net Assets		6,310,142

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>8,003,644</b>
---	-----------	------------------

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

**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Combined Statement of Activities**  
**For the Year Ended June 30, 2019**

<b>REVENUE</b>		
Grants and Contracts	\$	5,460,908
Program Income		54,703
Rental Income		735,503
Fees		72,117
Sales		17,961
Contributions & Donations		227,330
Fundraising Revenue		150,439
Interest Revenue		873
Other		130,311
Match and In-Kind		1,093
Gain on Disposal of Asset		13,406
Total Revenues		6,864,644
 <b>EXPENSES</b>		
Program Services		
Arkansas Children Developmental Disabilities		1,507,696
Arkansas Adult Developmental Disabilities		702,387
Texas Specialized Services for Persons with Disabilities		180,732
Senior Day Center		370,786
Waiver Services		412,066
Personal Care		23,514
Area Agency on Aging		37,180
Texas Early Childhood Intervention		979,959
Texas Early Headstart		973,121
Housing Opportunities, Inc.		361,366
Housing Opportunities Extension, Inc.		61,188
Housing Opportunities Addition, Inc.		551,590
Supporting Services:		
Development/Fundraising		203,188
Management and General		839,656
Total Expenses		7,204,429
<b>CHANGE IN NET ASSETS</b>		(339,785)
Net Assets, June 30, 2018		6,649,927
<b>NET ASSETS, JUNE 30, 2019</b>	<b>\$</b>	<b>6,310,142</b>

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



# Texarkana Special Education Center, Inc. and Related Entities dba Opportunities, Inc.

## Combined Statement of Functional Expenses For the Year Ended June 30, 2019

	Arkansas Children Developmental Disabilities	Arkansas Adult Developmental Disabilities	Texas Sepcialized Services for Persons with Disabilities	Senior Day Center	Waiver Services
<b>EXPENSES</b>					
Salaries and Fringe Benefits	\$ 774,638	\$ 380,241	\$ 82,761	\$ 218,035	\$ 364,854
Contractual	349,956	6,195	2,389	3,315	2,079
Audit	-	-	-	-	-
Accounting/Data Processing	-	-	-	-	-
Rental	-	-	-	-	-
Building Repairs and Maintenance	10,887	7,107	2,181	3,206	205
Lawn Care Maintenance	1,870	1,785	474	940	-
Equipment Rental	5,338	3,027	808	2,281	20
Equipment Repair	967	1,341	244	415	-
Food and Food Supplies	40,949	13,380	7,576	12,318	34,072
Insurance	66,774	44,006	16,025	24,524	403
Janitorial Service and Supplies	7,126	6,005	1,670	2,860	34
Office Supplies	-	-	-	-	-
Program Supplies	4,507	10,574	2,922	2,453	463
Subscriptions & Dues	-	-	-	-	-
Equipment and Facilities	3,582	1,629	477	912	52
Staff Education & Training	2,207	1,278	349	683	3,926
Staff Travel	109	-	-	-	-
Transportation and Vehicle Expense	52,611	37,787	20,638	26,246	26
Telephone	-	-	-	-	-
Utilities	29,393	27,639	7,395	12,607	-
Postage and Freight	-	-	-	-	-
Client Wages and Fringe Benefits	-	19,031	-	-	-
Miscellaneous and Other Costs	11,358	5,898	1,779	2,904	3,062
Interest	4,611	1,930	344	901	2,320
Provider Fee	-	-	-	-	-
Depreciation	137,585	131,754	32,481	55,508	-
Match and In-Kind	-	-	-	-	-
Information Technologies Expense	3,228	1,780	219	678	550
<b>Total Expenses</b>	<b>\$ 1,507,696</b>	<b>\$ 702,387</b>	<b>\$ 180,732</b>	<b>\$ 370,786</b>	<b>\$ 412,066</b>

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

# Texarkana Special Education Center, Inc. and Related Entities dba Opportunities, Inc.

## Combined Statement of Functional Expenses (Continued) For the Year Ended June 30, 2019

	Personal Care	Area Agency on Aging	Texas Early Childhood Intervention	Texas Early Headstart	Housing Opportunities, Inc.
<b>EXPENSES</b>					
Salaries and Fringe Benefits	\$ 23,514	\$ 30,370	\$ 647,488	\$ 665,402	\$ 74,779
Contractual	-	90	210,592	5,121	582
Audit	-	-	-	-	-
Accounting/Data Processing	-	-	-	-	-
Rental	-	-	-	-	-
Building Repairs and Maintenance	-	44	395	4,062	25,848
Lawn Care Maintenance	-	-	122	1,016	541
Equipment Rental	-	17	201	1,987	2,791
Equipment Repair	-	-	62	603	996
Food and Food Supplies	-	4,432	47	29,585	-
Insurance	-	308	9,721	23,903	41,436
Janitorial Service and Supplies	-	52	396	4,132	3,199
Office Supplies	-	-	-	-	239
Program Supplies	-	1,062	5,820	79,863	-
Subscriptions & Dues	-	-	-	-	-
Equipment and Facilities	-	6	155	31,301	9,811
Staff Education & Training	-	110	635	38,137	-
Staff Travel	-	-	89,485	3,985	-
Transportation and Vehicle Expense	-	587	-	6,979	-
Telephone	-	-	-	-	2,454
Utilities	-	55	1,880	16,028	129,641
Postage and Freight	-	-	-	-	-
Client Wages and Fringe Benefits	-	-	-	-	-
Miscellaneous and Other Costs	-	47	2,257	5,980	2,422
Interest	-	-	-	-	-
Provider Fee	-	-	-	-	-
Depreciation	-	-	8,370	50,720	66,111
Match and In-Kind	-	-	-	1,093	-
Information Technologies Expense	-	-	2,333	3,224	516
<b>Total Expenses</b>	<b>\$ 23,514</b>	<b>\$ 37,180</b>	<b>\$ 979,959</b>	<b>\$ 973,121</b>	<b>\$ 361,366</b>

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

# Texarkana Special Education Center, Inc. and Related Entities dba Opportunities, Inc.

## Combined Statement of Functional Expenses (Continued) For the Year Ended June 30, 2019

	Housing Opportunities Extension, Inc.	Housing Opportunities Addition, Inc.	Development and Fundraising	Management and General	Management and General (HOI)
<b>EXPENSES</b>					
Salaries and Fringe Benefits	\$ 16,567	\$ 379,042	\$ 26,632	\$ 560,080	-
Contractual	54	13,649	-	-	-
Audit	-	-	-	35,500	9,400
Accounting/Data Processing	-	-	-	-	3,121
Rental	-	-	-	19,337	-
Building Repairs and Maintenance	2,044	5,805	-	-	-
Lawn Care Maintenance	160	65	-	-	-
Equipment Rental	692	813	-	-	-
Equipment Repair	1,137	1,485	-	-	-
Food and Food Supplies	-	15,547	2,038	-	-
Insurance	8,642	8,439	13,080	19,197	-
Janitorial Service and Supplies	1,908	2,472	-	-	-
Office Supplies	-	-	2,380	12,154	-
Program Supplies	-	9,539	66,333	-	-
Subscriptions & Dues	-	-	-	13,814	531
Equipment and Facilities	5,316	2,890	986	-	-
Staff Education & Training	1,990	2,212	1,637	-	1,423
Staff Travel	-	-	-	-	-
Transportation and Vehicle Expense	-	-	-	-	-
Telephone	-	-	-	46,534	-
Utilities	13,450	14,637	-	-	-
Postage and Freight	-	-	-	3,647	-
Client Wages and Fringe Benefits	-	-	-	-	-
Miscellaneous and Other Costs	611	1,234	85,468	2,631	940
Interest	-	3,728	-	-	74,437
Provider Fee	-	62,765	-	-	-
Depreciation	8,359	25,969	-	-	-
Match and In-Kind	-	-	-	-	-
Information Technologies Expense	258	1,299	4,634	-	-
<b>Total Expenses</b>	<b>\$ 61,188</b>	<b>\$ 551,590</b>	<b>\$ 203,188</b>	<b>\$ 712,894</b>	<b>\$ 89,852</b>

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

# Texarkana Special Education Center, Inc. and Related Entities dba Opportunities, Inc.

## Combined Statement of Functional Expenses (Continued) For the Year Ended June 30, 2019

	Management and General (HOE)	Management and General (HOA)	Total
<b>EXPENSES</b>			
Salaries and Fringe Benefits	\$ -	\$ -	\$ 4,244,403
Contractual	-	-	594,022
Audit	7,675	7,700	60,275
Accounting/Data Processing	1,125	-	4,246
Rental	-	-	19,337
Building Repairs and Maintenance	-	-	61,784
Lawn Care Maintenance	-	-	6,973
Equipment Rental	-	-	17,975
Equipment Repair	-	-	7,250
Food and Food Supplies	-	-	159,944
Insurance	-	-	276,458
Janitorial Service and Supplies	-	-	29,854
Office Supplies	-	592	15,365
Program Supplies	-	-	183,536
Subscriptions & Dues	-	1,766	16,111
Equipment and Facilities	-	-	57,117
Staff Education & Training	1,418	-	56,005
Staff Travel	-	-	93,579
Transportation and Vehicle Expense	-	-	144,874
Telephone	-	2,199	51,187
Utilities	-	-	252,725
Postage and Freight	-	18	3,665
Client Wages and Fringe Benefits	-	-	19,031
Miscellaneous and Other Costs	30	369	126,990
Interest	14,018	-	102,289
Provider Fee	-	-	62,765
Depreciation	-	-	516,857
Match and In-Kind	-	-	1,093
Information Technologies Expense	-	-	18,719
	<u>24,266</u>	<u>12,644</u>	<u>7,204,429</u>
Total Expenses	\$ <u>24,266</u>	\$ <u>12,644</u>	\$ <u>7,204,429</u>

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

**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Combined Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ (339,785)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	516,857
Gain on Disposal of Property	(13,406)
Decrease in Accounts Receivables	(313,261)
(Increase) in Other Receivables	91,733
Decrease in Prepaid Expenses	985
Decrease in Inventory	2,371
Decrease in Other Assets	10,654
(Increase) in Tenant Security Deposit	497
Increase in Accounts Payable	40,866
(Decrease) in Other Payables	12,745
(Decrease) in Accrued Salaries	17,230
Increase in Accrued Interest Payable	(1,074)
Increase in Client Funds Payable	(8,622)
Increase in Tenant Security Deposit Payable	166
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>17,956</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of Fixed Assets	(72,217)
Proceeds from Disposition of Fixed Assets	13,406
Deposits to Replacement Reserve	(47,271)
Redemption of Investments	76,774
<b>NET CASH USED FOR INVESTING ACTIVITIES</b>	<u>(29,308)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from Line of Credit	50,000
Mortgage Principal Payments	(139,348)
Note Principal Payments	(42,255)
Capital Lease Payments	(6,754)
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(138,357)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(149,709)
<b>CASH BALANCE - JUNE 30, 2018</b>	<u>528,884</u>
<b>CASH BALANCE - JUNE 30, 2019</b>	<u>\$ 379,175</u>
<b>Non-Cash Investing Activities</b>	
Addition of an asset through a capital lease	<u>\$ 42,988</u>
<b>Non-Cash Financing Activities</b>	
Acquisition of an asset financed by a capital lease	<u>\$ 42,988</u>

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

**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Notes to Combined Financial Statements**  
**For the Year Ended June 30, 2019**

---

**1. Nature of the Organization and Summary of Significant Accounting Policies**

---

**The Reporting Entity**

These combined financial statements include the operations of Texarkana Special Education Center, Inc. and related entities, Housing Opportunities, Inc., Housing Opportunities Extension, Inc., and Housing Opportunities Addition, Inc. All of these entities operate under the assumed name of Opportunities, Inc. (the Center). The entities are related through management, program sponsorships and interlocking boards of directors. All significant support and expenses between the entities have been eliminated.

Opportunities, Inc. provides day programs for at-risk children and those with developmental disabilities, adults with developmental disabilities and medical needs, frail elderly, as well as residential programs for both adults with developmental disabilities and low-income elderly. Services include transportation, nutrition, assessment, training, nursing and therapies to qualifying individuals of Northeast Texas and Southwest Arkansas.

**Basis of Accounting**

The accrual basis of accounting is used by the Center. Under the accrual basis of accounting, revenues are recognized when earned and expenses when incurred. A receivable represents that portion of the grant, which the Center has earned and/or requested, but not received. Expenses incurred but not paid at year end are represented by a liability on the statement of financial position. Grant funds received but not yet expended are included in the net assets. Other revenues are recognized when received or earned. Net assets represent the cumulative excess of revenues recognized over expenses incurred. These amounts are subject to recall or re-obligation at the discretion of the granting agencies or may be carried over to the next year.

**Functional Expenses**

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

**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Notes to Combined Financial Statements**  
**For the Year Ended June 30, 2019**

---

**1. Nature of the Organization and Summary of Significant Accounting Policies**  
**(Continued)**

---

**Net Assets**

Under provisions elected, net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Center's policy is to record revenues in which restrictions are met in the same period as unrestricted revenue. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations.

*Net Assets With Donor Restrictions* – Net assets that are subject to donor-imposed stipulations.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Cash and cash equivalents also consist of cash on hand and demand deposits maintained at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Security deposits, client funds, cash and certificates of deposit held in reserve for replacement accounts are not considered cash equivalents, as such funds are not readily available for use in operations.

Cash and cash equivalents received with donor imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows.

**Prepaid Expenses**

Prepaid expenses totaled \$20,989 for the year ended June 30, 2019 and is comprised of prepaid insurance.

**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Notes to Combined Financial Statements**  
**For the Year Ended June 30, 2019**

---

**1. Nature of the Organization and Summary of Significant Accounting Policies**  
**(Continued)**

---

**Property and Equipment**

Property and equipment with an acquisition cost of more than \$500, and a useful life exceeding two years are recorded at cost. Donated assets are recorded at the estimated fair market value at date of gift. Assets (vehicles) acquired from UMTA are recorded at fair market value with the excess of fair market value over required match being reported as revenue. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives of the assets range from 3 to 40 years.

**Contributions and Restricted and Unrestricted Revenue**

Contributions are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions only. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Allowance for Uncollectible Accounts**

The Center utilizes the reserve method of recognizing bad debts and contractual billing adjustments necessitated by delays in client eligibility determinations. The total reserve for uncollectible items as of June 30, 2019 is \$14,178.

**Donated Services**

Donated services can include the limited participation of many individuals in program or supporting services to the Center. In order for donated services to be reported in the combined financial statements, specific criteria must be met. Based on the criteria, the Center does not have any recordable donated services.



**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Notes to Combined Financial Statements**  
**For the Year Ended June 30, 2019**

---

**1. Nature of the Organization and Summary of Significant Accounting Policies**  
**(Continued)**

---

**Income Taxes**

The Center qualifies as an organization exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and is subject to a tax on income from any unrelated business. The Center files form 990 in the U.S. federal jurisdiction

The Center must recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Center did not recognize any additional liabilities for uncertain tax positions as a result of the implementation of ASC 740-10-258. The Center is not subject to U.S. federal, state, and local, or non-U.S. income tax examinations by tax authorities for years before June 30, 2016.

**Use of Estimates**

The preparation of combined 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.

**Fair Value**

The stated value of the Center's financial instruments approximates market based on the current rates offered for similar financial instruments.

---

**2. Client Funds**

---

Client funds are maintained in a Conserved Client Funds account. This information is reflected on the statement of financial position as Client Funds and a corresponding liability, Client Funds Held in Trust.

**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Notes to Combined Financial Statements  
For the Year Ended June 30, 2019**

---

**3. HUD Restricted Deposits**

---

Housing Opportunities, Inc. and Housing Opportunities Extension, Inc. are required to set aside amounts for the replacement of property and other project expenditures approved by HUD. HUD-restricted deposits, which reflect \$387,773 at June 30, 2019, are held in separate accounts and generally are not available for operating purposes.

---

**4. Tenant Security Deposits**

---

Housing Opportunities, Inc. and Housing Opportunities Extension, Inc. maintain separate bank accounts for tenant security deposits. At June 30, 2019, the balance in the accounts totaled \$24,155.

---

**5. Property and Equipment**

---

Property and equipment is as follows as of June 30, 2019:

	Texarkana Special Education Center, Inc.	Housing Opportunities, Inc.	Housing Opportunities Extension, Inc.	Housing Opportunities Addition, Inc.	Total
Texarkana Special Education Center, Inc.					
Land	\$ 1,278,855	\$ 106,392	\$ 13,711	\$ 23,147	\$ 1,422,105
Buildings and Improvements	8,739,888	2,074,782	317,154	523,160	11,654,984
Vehicles	893,146	-	-	88,860	982,006
Equipment & Furnishings	937,348	504,897	36,440	141,519	1,620,204
Computer Software and Equipment	329,649	4,788	-	1,830	336,267
Total Fixed Assets	12,178,886	2,690,859	367,305	778,516	16,015,566
Less: Accumulated Depreciation	(6,172,496)	(2,331,863)	(302,739)	(595,771)	(9,402,869)
Total Net Fixed Assets	\$ 6,006,390	\$ 358,996	\$ 64,566	\$ 182,745	\$ 6,612,697

**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Notes to Combined Financial Statements  
For the Year Ended June 30, 2019**

**6. Mortgages Payable**

Mortgages payable at June 30, 2019, consist of the following:

**Housing Opportunities, Inc.**

Housing Opportunities, Inc. has a permanent building loan provided by HUD. The monthly installments for principal and interest are \$16,704 with a maturity date of January 2024. Interest is being charged at 9.25%. The mortgage note is secured by the apartment project. The balance of the mortgage was \$746,460 as of June 30, 2019.

Maturities of principal on the mortgage payable for each of the next five (5) years and thereafter are as follows:

2020	\$		137,111
2021			150,345
2022			164,857
2023			180,770
2024			113,377
Total	\$		746,460

**Housing Opportunities Extension, Inc.**

Housing Opportunities Extension, Inc. has a permanent building loan provided by HUD. The monthly installments for principal and interest are \$2,370 with a maturity date of May 2026. Interest is being charged at 9.25%. The mortgage note is secured by the apartment project. The balance of the mortgage was \$144,881 as of June 30, 2019.

Maturities of principal on the mortgage payable for each of the next five (5) years and thereafter are as follows:

2020	\$		15,688
2021			17,202
2022			18,863
2023			20,683
2024			22,680
Thereafter			49,765
Total	\$		144,881

**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Notes to Combined Financial Statements  
For the Year Ended June 30, 2019**

**7. Note Payable**

**Housing Opportunities Addition, Inc.**

During July 2015, the Center entered into a note agreement in order to finance facility improvements. The loan total was \$79,197; carries an interest rate of 3.5% and is secured by the building. The note calls for 120 monthly payments of \$833, which began August 2015, and matures during July 2024. At June 30, 2019, the loan balance was \$48,983.

Maturities of principal on the note payable for each of the next five (5) years and thereafter are as follows:

2020	\$		8,253
2021			8,463
2022			9,950
2023			10,461
2024			11,856
Total	\$		48,983

**Texarkana Special Education Center, Inc.**

During October 2017, the Center entered into a note agreement in order to finance the purchase of playground equipment. The loan total was \$225,000; carries an interest rate of 3.83% and is secured by the playground equipment. The note calls for 72 monthly payments of \$3,503, which began November 2017, and matures during October 2023. At June 30, 2019, the loan balance was \$165,150.

Maturities of principal on the mortgage payable for each of the next five (5) years and thereafter are as follows:

2020	\$		36,247
2021			37,658
2022			39,128
2023			40,653
2024			11,464
Total	\$		165,150

**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Notes to Combined Financial Statements  
For the Year Ended June 30, 2019**

**8. Line of Credit**

The Center has an unsecured line of credit agreement with a bank for \$75,000. At June 30, 2019 there were \$50,000 in borrowings against the line. The line bears interest at the bank’s prime lending rate of 4.25%. The line is reviewed annually and is due in December 2019.

**9. Capital Lease**

On October 31, 2018, Housing Opportunities Addition, Inc. (HOA) entered a capital lease agreement with the Arkansas Department of Transportation (ADT). This lease was for the purchase of a van. This lease is due and payable in 48 monthly payments of \$961 beginning December 2018. The lease is through the ADT Translease program and bears no interest. The interest rate was imputed at 3.5% and is based on the HOA’s incremental borrowing rate. This lease will be paid in full in November 2021 at which time the title for the vehicle will be transferred to the HOA.

Minimum future lease payments are as follows:

	2020	\$	11,532
	2021		11,532
	2022		11,532
	2023		3,847
Total Minimum Lease Payments			38,443
Less: Amount Representing Interest			(2,209)
Present Value of Net Minimum Lease Payments		\$	36,234

Summary of property held under the capital lease is as follows:

Ford Van		\$	42,988
Less: Accumulated Depreciation			(5,015)
Net Book Value		\$	37,973

Depreciation expense relating to the asset under the capital lease was \$5,015 for the year ended June 30, 2019.

**10. In-Kind Contributions**

Certain grants require in-kind match. The Center values in-kind contributions and services at the fair market value. In-kind contributions are recognized as both revenue and expense. In-kind contributions for the Early Head Start program include \$1,093 in contributed services.

**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Notes to Combined Financial Statements**  
**For the Year Ended June 30, 2019**

**11. Functional Expenses**

The Center provides services for children and adults with developmental disabilities and elderly individuals. The center also provides residential assistance for low income adults and adults with developmental disabilities. The costs of providing the Center’s programs and the administration of the Center have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The methods of allocating expenses related to providing these services are as follows:

Expense	Method of Allocation
Salaries and Fringe Benefits	Time & effort by cost center
Contractual	Time & effort by cost center
Audit	Charged as incurred by cost center
Accounting/Data Processing	Time & effort by cost center
Rental	Charged as incurred by cost center
Building Repair and Maintenance	Square Footage
Lawn Care Maintenance	Charged as incurred by cost center
Equipment Rental	Charged as incurred by cost center
Equipment Repair	Charged as incurred by cost center
Food and Food Supplies	Charged as incurred by cost center
Insurance	Square Footage
Janitorial Service and Supplies	Square Footage
Office Supplies	Charged as incurred by cost center
Program Supplies	Charged as incurred by cost center
Subscriptions and Dues	Charged as incurred by cost center
Equipment and Facilities	Charged as incurred by cost center
Staff Education and Training	Charged as incurred by cost center
Staff Travel	Charged as incurred by cost center
Transportation and Vehicle Expense	Charged as incurred by cost center
Telephone	Charged as incurred by cost center
Utilities	Square Footage
Postage	Charged as incurred by cost center
Client Wages and Fringe Benefits	Time & effort by cost center
Miscellaneous	Charged as incurred by cost center
Interest	Charged as incurred by cost center
Provider Fee	Charged as incurred by cost center
Depreciation	Charged as incurred by cost center
Match and In-Kind	Charged as incurred by cost center
IT Supplies & Equipment	Charged as incurred by cost center

**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Notes to Combined Financial Statements  
For the Year Ended June 30, 2019**

---

**12. Liquidity and Availability**

---

The Center manages liquidity needed for operations primarily through budgeted cash inflows and outflows. Cash inflows can be easily estimated since they are comprised mostly of state, federal and local contracts. Cash outflows are planned accordingly so as not to exceed those expected inflows. Excess operating cash is on hand in the event of unexpected outflows or for use a source of investment funds.

---

**13. Concentrations of Credit Risk**

---

The Center maintains cash balances at six banks for its nine owned apartment projects. Deposits at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, balances deposited with financial institutions have exceeded FDIC coverage; however, the Center has not experienced any historical losses as a result of this risk.

---

**14. Contingencies**

---

**Medicaid Funding**

The Center receives Medicaid funding by providing services to eligible clients. This funding is considered direct assistance to individuals and not federal financial assistance. Documentation of these services is subject to possible future audits by the funding agency which would result in the Center being required to refund some of the funds received for those services provided. Management believes that the Center is in substantial compliance with applicable laws and regulations related to Medicaid funding.

**Federal and State Funding**

The Center participates in a number of federal and state assisted programs. These programs are audited in accordance with *Government Auditing Standards* and the *Single Audit Act Amendments of 1996*, if applicable, in accordance with the required levels of federal financial assistance. Audits of prior years have not resulted in any significant disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, management believes that further examinations would not result in any significant disallowed costs.

**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Notes to Combined Financial Statements**  
**For the Year Ended June 30, 2019**

---

**15. Economic Dependency**

---

The Center receives a significant portion of its revenue from federal and state grants and Medicaid funding. If significant budget cuts are made at the federal/state level, or if significant changes are made to Medicaid reimbursement methods or amounts, the amount of funds the agency receives could be reduced and have an adverse impact on the organization. Management is not aware of any actions that will adversely affect the amount of funds the Center will receive in the next fiscal year.

The operations of Housing Opportunities, Inc. (HOI) and Housing Opportunities Extension, Inc. (HOE) are concentrated in the real estate market. In addition, HOI and HOE operate in a heavily regulated environment. The operations of HOI and HOE are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

**16. Implementation of New Accounting Standard**

---

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No.2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The core principle of ASU No. 2016-14 is to improve NFP financial statements and provide more useful information to donors, grantors, creditors, and other financial statement users. As a result of the new standard, the three existing classes of net assets (unrestricted, temporarily restricted, and permanently restricted) will now become two: Net assets without donor restrictions Net assets with donor restrictions. Additionally, information regarding the liquidity of resources and the methods used to allocate costs among program and support services will be disclosed.

**17. Reclassification of Net Assets**

---

During the year, the Center modified beginning net assets in the combining statement of activities for Division 1 and Division 6 to enhance the transparency of the financial statements. These changes do not materially affect the financial position or changes in the net assets of the Center for the period presented.

**18. Subsequent Events**

---

Management has evaluated subsequent events through October 15, 2019, which is the date the financial statements were available to be issued.



## **Single Audit Compliance Information**



**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with  
*Government Auditing Standards***

To the Board of Directors  
Texarkana Special Education Center, Inc. and Related Entities dba Opportunities, Inc.  
Texarkana, TX

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Texarkana Special Education Center, Inc. and related entities dba Opportunities, Inc. (the Center) (a nonprofit organization) which comprise the combined statements of financial position as of June 30, 2019, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated October 15, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

2702 N. Loop 1604 E.  
San Antonio, TX 78232

210-979-0055

210-979-0058

www.HaynieCPAs.com

**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with  
*Government Auditing Standards* (Continued)**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Haynie & Co.*

San Antonio, Texas  
October 15, 2019



## Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors  
Texarkana Special Education Center, Inc. and Related Entities dba Opportunities, Inc.  
Texarkana, TX

### Report on Compliance for Each Major Federal Program

We have audited Texarkana Special Education Center, Inc. and related entities dba Opportunities, Inc. (the Center) (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2019. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we 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 the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

2702 N. Loop 1604 E.  
San Antonio, TX 78232

210-979-0055

210-979-0058

www.HaynieCPAs.com

**Independent Auditor's Report on Compliance for  
Each Major Federal Program and on Internal Control  
Over Compliance Required by the Uniform Guidance (Continued)**

***Opinion on Each Major Federal Program***

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

**Report on Internal Control Over Compliance**

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Independent Auditor's Report on Compliance for  
Each Major Federal Program and on Internal Control  
Over Compliance Required by the Uniform Guidance (Continued)**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Haynie & Co.*

San Antonio, Texas  
October 15, 2019

**Texarkana Special Education Center, Inc. and Related Entities  
 dba Opportunities, Inc.  
 Single Audit Compliance Information  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2019**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

<b>Financial Statements</b>	
Type of Report on Financial Statements	Unmodified Opinion
Internal Control Over Financial Reporting:	
Material Weaknesses	None
Significant Deficiencies Identified not Considered to be Material Weaknesses	None
Noncompliance Material to Financial Statements	None
<b>Federal Awards</b>	
Type of Report on Compliance with Major Programs	Unmodified Opinion
Internal Control Over Major Programs:	
Material Weaknesses	None
Significant Deficiencies Identified not Considered to be Material Weaknesses	None
Findings and Questioned Costs for Federal Awards as Defined by the Uniform Guidance:	No

**Texarkana Special Education Center, Inc. and Related Entities  
 dba Opportunities, Inc.  
 Single Audit Compliance Information  
 Schedule of Findings and Questioned Costs (continued)  
 For the Year Ended June 30, 2019**

<b>Identification of Major Programs</b>	
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Low Risk Auditee Statements	The Center was classified as a low-risk auditee in the context of the Uniform Guidance.
Major Federal Programs	U.S. Department of Health and Human Services Early Headstart CFDA #93.600  U.S. Department of Housing and Urban Development Supporting Housing for the Elderly Loan CFDA #14.157  Housing Assistance Payments Program CFDA #14.195



**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Single Audit Compliance Information  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no Financial Statement Findings.

**Section III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no Federal Award Findings.

**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Single Audit Compliance Information  
Schedule of Prior Audit Findings  
For the Year Ended June 30, 2019**

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

No Prior Year Findings.

## **Supplementary Information**

**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Unique Entity Identifier</u>	<u>CFDA #</u>	<u>Expenditures</u>
<b><u>FEDERAL PROGRAMS:</u></b>			
<i>US Department of Health and Human Services</i>			
<i>Direct Funding:</i>			
Early HeadStart 06CH7086/04		93.600	\$ 89,642
Early HeadStart 06CH7086/05		93.600	736,355
Total Direct Funding			<u>825,997</u>
 <i>Pass Through Area Agency on Aging of Southwest Arkansas, Inc.:</i>			
<i>Aging Cluster:</i>			
Title III, Part C, Nutrition Services		93.045	14,944
Title III, Part B, Nutrition Services		93.044	3,112
Nutrition Program for the Elderly		93.053	<u>3,369</u>
Total Aging Cluster			<u>21,425</u>
Social Services Block Grant		93.667	<u>2,580</u>
Total Area Agency on Aging of Southwest Arkansas, Inc.			<u>24,005</u>
 <i>Pass Through Arkansas Department of Human Services:</i>			
	0600003060		
Social Services Block Grant		93.667	<u>17,549</u>
Total Arkansas Department of Human Services			<u>17,549</u>
Total CFDA# 93.667		\$ 20,129	
 <i>Pass Through Texas Department of Assistive and Rehabilitative Services Division for Early Childhood Intervention Services:</i>			
	5382001575		
Temporary Assistance for Needy Families		93.558	<u>47,797</u>
Total Texas Department of Assistive and Rehabilitative Services Division for Early Childhood Intervention Services			<u>47,797</u>
 <b><u>US. Department of Agriculture</u></b>			
<i>Passed Through Texas Department of Agriculture:</i>			
	03354		
Division of Children and Family Services/Child Nutrition - Child and Adult Care Food Program		10.558	<u>189,821</u>
Total Department of Agriculture			<u>189,821</u>

**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Schedule of Expenditures of Federal Awards (continued)  
For the Year Ended June 30, 2019**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Unique Entity Identifier</u>	<u>CFDA #</u>	<u>Expenditures</u>
<b><u>US. Department of Housing and Urban Development</u></b>			
Direct Funding:			
Supporting Housing for the Elderly (a)		14.157	159,188
Supporting Housing for the Elderly (b)		14.157	<u>871,501</u>
			1,030,689
Housing Assistance Payment Program (a)		14.195	62,727
Housing Assistance Payment Program (b)		14.195	<u>395,497</u>
			458,224
Total Department of Housing and Urban Development			\$ <u>1,488,913</u>
(a) Program for Housing Opportunitites Extension, Inc.			
(b) Program for Housing Opportunitites, Inc.			
<b><u>US. Department of Education</u></b>			
<i>Pass Through Texas Department of Assistive and Rehabilitative Services Division for Early Childhood Intervention Services:</i>			
Special Education - Grants for Infants and Families	5382001575	84.181	109,076
Special Education - Grants to States		84.027	<u>63,720</u>
Total Texas Department of Assistive and Rehabilitative Services Division for Early Childhood Intervention Services			172,796
Total Department of Education			<u>172,796</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>2,766,878</u></u>

**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Schedule of Expenditures of State Awards  
For the Year Ended June 30, 2019**

**STATE PROGRAMS:**

Area Agency on Aging of Southwest Arkansas Inc.:

Cigarette Tax	N/A	\$	4,116
State Senior Citizens Centers	N/A		<u>15,629</u>
Total Area Agency on Aging of Southwest Arkansas Inc.			<u><u>19,745</u></u>
 TOTAL EXPENDITURES OF STATE AWARDS		 \$	 <u><u>19,745</u></u>

**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Notes to the Schedule of Federal Awards  
For the Year Ended June 30, 2019**

---

**1. Basis of Presentation**

---

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal and passed through activity of the Center under programs of the federal government for the year ended June 30, 2019.

The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Chapter I, Chapter II, Part 200, *et al Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedules present only a selected portion of the operations of the Center, they are not intended to and do not present the financial position, changes in net assets or cash flows.

---

**2. Summary of Significant Accounting Policies**

---

**Basis of Accounting** – Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

The Center did not elect to use the 10% minimus indirect cost rate.

---

**3. Medicaid Funds**

---

During the fiscal year ended June 30, 2019, the Center recognized Medicaid Funds of \$2,910,272 under fee for service contracts, which are not considered federal awards, since they are direct federal cash assistance to individuals.

---

**4. Non-Cash Awards**

---

The Center is required under the *Uniform Guidance* to report expenditures as related to its loan program as the beginning balance plus any advances during the period. There were no advances on the loan for the year ended June 30, 2019, and the balance reported was the ending balance as of June 30, 2018.

The Center had the following loan balances outstanding at June 30, 2019.

See Independent Auditor’s Report

**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Notes to the Schedule of Federal Awards  
For the Year Ended June 30, 2019**

---

**4. Non-Cash Awards (Continued)**

---

<u>Program Title</u>	<u>Federal CFDA No.</u>	<u>Amount Outstanding</u>
<u>U.S. Department of Housing and Urban Development</u>		
Supportive Housing for the Elderly (a)	14.157	\$ 144,881
Supportive Housing for the Elderly (b)	14.157	\$ 746,460

See Independent Auditor's Report



**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Combining Statement of Financial Position**  
**For the Year Ended June 30, 2019**

	<u>TSEC Division 1</u>	<u>TSEC Division 6</u>	<u>Total TSEC</u>	<u>Housing Opportunities, Inc. Division 2</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 78,053	\$ 107,057	\$ 185,110	\$ 96,856
Accounts Receivable, Net	434,437	625	435,062	4,194
Prepaid Expenses	20,989	-	20,989	-
Due From Fundraising	86	-	86	-
Due From Housing Opportunities	32,667	-	32,667	-
Due From Other Divisions	-	-	-	5,962
Total Current Assets	<u>566,232</u>	<u>107,682</u>	<u>673,914</u>	<u>107,012</u>
<b>OTHER ASSETS</b>				
Deposit Held in Trust - Tenant Security Deposit	-	-	-	21,624
Cleint Funds	65,203	-	65,203	-
Reserve for Replacement	-	-	-	301,480
Total Other Assets	<u>65,203</u>	<u>-</u>	<u>65,203</u>	<u>323,104</u>
<b>FIXED ASSETS</b>				
Property, Plant, and Equipment	12,178,886	-	12,178,886	2,690,859
Accumulated Depreciation	<u>(6,172,496)</u>	<u>-</u>	<u>(6,172,496)</u>	<u>(2,331,863)</u>
Total Fixed Assets	<u>6,006,390</u>	<u>-</u>	<u>6,006,390</u>	<u>358,996</u>
<b>TOTAL ASSETS</b>	<u>\$ 6,637,825</u>	<u>\$ 107,682</u>	<u>\$ 6,745,507</u>	<u>\$ 789,112</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 115,804	\$ 11,449	\$ 127,253	\$ 13,229
Other Payables	37	-	37	-
Accrued Salaries	175,563	-	175,563	-
Client Funds Held In Trust	57,123	-	57,123	-
Line of Credit	50,000	-	50,000	-
Capital Lease Payable - Current Portion	-	-	-	-
Notes Payable - Current Portion	36,248	-	36,248	-
Mortgages Payable - Current Portion	-	-	-	137,111
Accrued Interest Payable	-	-	-	5,754
Due To Housing Opportunities	5,962	-	5,962	-
Due To TSEC	-	86	86	-
Total Current Liabilities	<u>440,737</u>	<u>11,535</u>	<u>452,272</u>	<u>156,094</u>
<b>LONG-TERM LIABILITIES</b>				
Tenant Security Deposit	-	-	-	21,624
Capital Lease Payable - Net of Current Maturities	-	-	-	-
Notes Payable - Net of Current Maturities	128,902	-	128,902	-
Mortgages Payable - Net of Current Maturities	-	-	-	609,349
Total Long-Term Liabilities	<u>128,902</u>	<u>-</u>	<u>128,902</u>	<u>630,973</u>
<b>TOTAL LIABILITIES</b>	<u>569,639</u>	<u>11,535</u>	<u>581,174</u>	<u>787,067</u>
<b>NET ASSETS</b>				
Net Assets Without Donor Restrictions	<u>6,068,186</u>	<u>96,147</u>	<u>6,164,333</u>	<u>2,045</u>
Total Net Assets	<u>6,068,186</u>	<u>96,147</u>	<u>6,164,333</u>	<u>2,045</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 6,637,825</u>	<u>\$ 107,682</u>	<u>\$ 6,745,507</u>	<u>\$ 789,112</u>

See Independent Auditor's Report

**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Combining Statement of Financial Position (Continued)**  
**For the Year Ended June 30, 2019**

	<b>Housing Opportunities Extension, Inc. Division 3</b>	<b>Housing Opportunities Addition, Inc. Division 4</b>	<b>Eliminating Entries</b>	<b>Total Opportunities, Inc.</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 53,318	\$ 43,891	\$ -	\$ 379,175
Accounts Receivable, Net	6,402	67,994	-	513,652
Prepaid Expenses	-	-	-	20,989
Due From Fundraising	-	-	(86)	-
Due From Housing Opportunities	-	-	(32,667)	-
Due From Other Divisions	-	-	(5,962)	-
Total Current Assets	<u>59,720</u>	<u>111,885</u>	<u>(38,715)</u>	<u>913,816</u>
<b>OTHER ASSETS</b>				
Deposit Held in Trust - Tenant Security Deposit	2,531	-	-	24,155
Cleint Funds	-	-	-	65,203
Reserve for Replacement	86,293	-	-	387,773
Total Other Assets	<u>88,824</u>	<u>-</u>	<u>-</u>	<u>477,131</u>
<b>FIXED ASSETS</b>				
Property, Plant, and Equipment	367,305	778,516	-	16,015,566
Accumulated Depreciation	<u>(302,739)</u>	<u>(595,771)</u>	<u>-</u>	<u>(9,402,869)</u>
Total Fixed Assets	<u>64,566</u>	<u>182,745</u>	<u>-</u>	<u>6,612,697</u>
<b>TOTAL ASSETS</b>	<u>\$ 213,110</u>	<u>\$ 294,630</u>	<u>\$ (38,715)</u>	<u>\$ 8,003,644</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 3,413	\$ 81,442	\$ -	\$ 225,337
Other Payables	-	12,708	-	12,745
Accrued Salaries	-	-	-	175,563
Client Funds Held In Trust	-	-	-	57,123
Line of Credit	-	-	-	50,000
Capital Lease Payable - Current Portion	-	10,431	-	10,431
Notes Payable - Current Portion	-	8,253	-	44,501
Mortgages Payable - Current Portion	15,688	-	-	152,799
Accrued Interest Payable	1,117	-	-	6,871
Due To Housing Opportunities	-	-	(5,962)	-
Due To TSEC	1,450	31,217	(32,753)	-
Total Current Liabilities	<u>21,668</u>	<u>144,051</u>	<u>(38,715)</u>	<u>735,370</u>
<b>LONG-TERM LIABILITIES</b>				
Tenant Security Deposit	2,531	-	-	24,155
Capital Lease Payable - Net of Current Maturities	-	25,803	-	25,803
Notes Payable - Net of Current Maturities	-	40,730	-	169,632
Mortgages Payable - Net of Current Maturities	<u>129,193</u>	<u>-</u>	<u>-</u>	<u>738,542</u>
Total Long-Term Liabilities	131,724	66,533	-	958,132
<b>TOTAL LIABILITIES</b>	<u>153,392</u>	<u>210,584</u>	<u>(38,715)</u>	<u>1,693,502</u>
<b>NET ASSETS</b>				
Net Assets Without Donor Restrictions	<u>59,718</u>	<u>84,046</u>	<u>-</u>	<u>6,310,142</u>
Total Net Assets	59,718	84,046	-	6,310,142
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 213,110</u>	<u>\$ 294,630</u>	<u>\$ (38,715)</u>	<u>\$ 8,003,644</u>

See Independent Auditor's Report

**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Combining Statement of Activities**  
**For the Year Ended June 30, 2019**

	<u>TSEC Division 1</u>	<u>TSEC Division 6</u>	<u>Total TSEC</u>
<b>REVENUES</b>			
Grants and Contracts	\$ 5,083,259	\$ 49,373	\$ 5,132,632
Program Income	54,703	-	54,703
Rental Income	-	-	-
Fees	72,117	-	72,117
Sales	17,961	-	17,961
Contributions & Donations	-	227,330	227,330
Fundraising Revenue	-	150,439	150,439
Interest Revenue	155	400	555
Other	-	39,590	39,590
Match and In-Kind	1,093	-	1,093
Gain On Disposal of Asset	13,406	-	13,406
Interdivisional Transfers	312,850	(312,850)	-
<b>TOTAL REVENUE</b>	<u>\$ 5,555,544</u>	<u>\$ 154,282</u>	<u>\$ 5,709,826</u>
<b>EXPENSES</b>			
Salaries and Fringe Benefits	\$ 3,690,349	\$ 83,666	\$ 3,774,015
Contractual	579,737	-	579,737
Audit	33,300	2,200	35,500
Accounting/Data Processing	-	-	-
Rental	19,337	-	19,337
Building Repairs and Maintenance	28,087	-	28,087
Lawn Care Maintenance	6,207	-	6,207
Equipment Rental	13,679	-	13,679
Equipment Repair	3,632	-	3,632
Food and Food Supplies	142,359	2,038	144,397
Insurance	185,906	32,035	217,941
Janitorial Service and Supplies	22,275	-	22,275
Office Supplies	11,645	2,889	14,534
Program Supplies	107,664	66,333	173,997
Subscriptions & Dues	11,560	2,254	13,814
Equipment and Facilities	38,114	986	39,100
Staff Education & Training	47,325	1,637	48,962
Staff Travel	93,579	-	93,579
Transportation and Vehicle Expense	144,874	-	144,874
Telephone	46,534	-	46,534
Utilities	94,997	-	94,997
Postage and Freight	3,634	13	3,647
Client Wages and Fringe Benefits	19,031	-	19,031
Miscellaneous and Other Costs	35,915	137,961	173,876
Interest	10,106	-	10,106
Provider Fee	-	-	-
Depreciation	416,418	-	416,418
Match and In-Kind	1,093	-	1,093
Information Technologies Expense	12,012	4,634	16,646
Total Expenses	<u>5,819,369</u>	<u>336,646</u>	<u>6,156,015</u>
<b>CHANGE IN NET ASSETS</b>	(263,825)	(182,364)	(446,189)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>6,332,011</u>	<u>278,511</u>	<u>6,610,522</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 6,068,186</u>	<u>\$ 96,147</u>	<u>\$ 6,164,333</u>

See Independent Auditor's Report

**Texarkana Special Education Center, Inc. and Related Entities**  
**dba Opportunities, Inc.**  
**Combining Statement of Activities (Continued)**  
**For the Year Ended June 30, 2019**

	Housing Opportunities, Inc. Division 2	Housing Opportunities Extension, Inc. Division 3	Housing Opportunities Addition, Inc. Division 4	Eliminating Entries	Total Opportunities, Inc.
<b>REVENUES</b>					
Grants and Contracts	\$ -	\$ -	\$ 630,457	\$ (302,181)	\$ 5,460,908
Program Income	-	-	-	-	54,703
Rental Income	630,706	104,797	-	-	735,503
Fees	-	-	-	-	72,117
Sales	-	-	-	-	17,961
Contributions & Donations	-	-	-	-	227,330
Fundraising Revenue	-	-	-	-	150,439
Interest Revenue	148	135	35	-	873
Other	2,912	-	87,809	-	130,311
Match and In-Kind	-	-	-	-	1,093
Gain On Disposal of Asset	-	-	-	-	13,406
Interdivisional Transfers	-	-	-	-	-
<b>TOTAL REVENUE</b>	<b>\$ 633,766</b>	<b>\$ 104,932</b>	<b>\$ 718,301</b>	<b>\$ (302,181)</b>	<b>\$ 6,864,644</b>
<b>EXPENSES</b>					
Salaries and Fringe Benefits	\$ 74,779	\$ 16,567	\$ 379,042	\$ -	\$ 4,244,403
Contractual	38,356	5,238	220,380	(249,689)	594,022
Audit	9,400	7,675	7,700	-	60,275
Accounting/Data Processing	3,121	1,125	-	-	4,246
Rental	-	-	-	-	19,337
Building Repairs and Maintenance	25,848	2,044	5,805	-	61,784
Lawn Care Maintenance	541	160	65	-	6,973
Equipment Rental	2,791	692	813	-	17,975
Equipment Repair	996	1,137	1,485	-	7,250
Food and Food Supplies	-	-	15,547	-	159,944
Insurance	41,436	8,642	8,439	-	276,458
Janitorial Service and Supplies	3,199	1,908	2,472	-	29,854
Office Supplies	239	-	592	-	15,365
Program Supplies	-	-	9,539	-	183,536
Subscriptions & Dues	531	-	1,766	-	16,111
Equipment and Facilities	9,811	5,316	2,890	-	57,117
Staff Education & Training	1,423	3,408	2,212	-	56,005
Staff Travel	-	-	-	-	93,579
Transportation and Vehicle Expense	-	-	-	-	144,874
Telephone	2,454	-	2,199	-	51,187
Utilities	129,641	13,450	14,637	-	252,725
Postage and Freight	-	-	18	-	3,665
Client Wages and Fringe Benefits	-	-	-	-	19,031
Miscellaneous and Other Costs	3,362	641	1,603	(52,492)	126,990
Interest	74,437	14,018	3,728	-	102,289
Provider Fee	-	-	62,765	-	62,765
Depreciation	66,111	8,359	25,969	-	516,857
Match and In-Kind	-	-	-	-	1,093
Information Technologies Expense	516	258	1,299	-	18,719
Total Expenses	<u>488,992</u>	<u>90,638</u>	<u>770,965</u>	<u>(302,181)</u>	<u>7,204,429</u>
<b>CHANGE IN NET ASSETS</b>	<b>144,774</b>	<b>14,294</b>	<b>(52,664)</b>	<b>-</b>	<b>(339,785)</b>
NET ASSETS AT BEGINNING OF YEAR	<u>(142,729)</u>	<u>45,424</u>	<u>136,710</u>	<u>-</u>	<u>6,649,927</u>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 2,045</b>	<b>\$ 59,718</b>	<b>\$ 84,046</b>	<b>\$ -</b>	<b>\$ 6,310,142</b>

See Independent Auditor's Report

**Texarkana Special Education Center, Inc. and Related Entities  
dba Opportunities, Inc.  
Schedule of Units of Service for USDA Contract Child and  
Adult Care Food Program  
For the Year Ended June 30, 2019**

USDA Program #019-0004 Children:	<u>Breakfast</u>	<u>Lunch</u>	<u>Snack</u>	<u>Total</u>
July	1,617	1,768	1,698	5,083
August	1,790	1,852	1,732	5,374
September	1,527	1,579	1,514	4,620
October	1,722	1,809	1,711	5,242
November	1,520	1,550	1,428	4,498
December	1,351	1,389	1,339	4,079
January	1,901	1,965	1,853	5,719
February	1,800	1,733	1,727	5,260
March	1,897	1,919	1,841	5,657
April	1,860	1,884	1,827	5,571
May	2,248	2,286	2,198	6,732
June	1,923	2,016	1,934	5,873
Total Preschool	<u>21,156</u>	<u>21,750</u>	<u>20,802</u>	<u>63,708</u>
USDA Program #019-6002 Adult:	<u>Breakfast</u>	<u>Lunch</u>	<u>Snack</u>	<u>Total</u>
July	684	956	975	2,615
August	790	1,109	1,124	3,023
September	665	907	933	2,505
October	761	1,063	1,090	2,914
November	582	840	888	2,310
December	528	731	788	2,047
January	641	927	941	2,509
February	600	810	832	2,242
March	650	883	931	2,464
April	697	948	991	2,636
May	720	1,012	1,045	2,777
June	656	932	967	2,555
Total Adult	<u>7,974</u>	<u>11,118</u>	<u>11,505</u>	<u>30,597</u>
<b>TOTAL UNITS OF SERVICE</b>	<u><u>29,130</u></u>	<u><u>32,868</u></u>	<u><u>32,307</u></u>	<u><u>94,305</u></u>

See Independent Auditor's Report