

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

Financial Statements

Year Ended June 30, 2020

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>	24
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by The Uniform Guidance	26

SUPPLEMENTARY INFORMATION

Schedule of Findings and Questioned Costs.....	29
Status of Prior Audit Findings	32
Schedule of Expenditures of Federal Awards	33
Schedule of Expenditures of State Awards	35
Notes to the Schedule of Expenditures of Federal Awards	36
Combining Statement of Financial Position	38
Combining Statement of Activities.....	40
Schedule of Units of Service for the Child and Adult Care Food Program.....	42



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INDEPENDENT AUDITOR'S REPORT

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, 2020, 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 are appropriate in the circumstances, but not for the purpose of expressing an

INDEPENDENT AUDITOR'S REPORT (Continued)

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, 2020, 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 28, 2020, 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 & Company

San Antonio, Texas
October 28, 2020

Financial Statements

Texarkana Special Education Center, Inc. and Related Entities
dba Opportunities, Inc.
Combined Statement of Financial Position
As of June 30, 2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,235,925
Accounts Receivable, Net	304,276
Other Receivable	143,380
Prepaid Expenses	46,444
Total Current Assets	<u>1,730,025</u>

OTHER ASSETS

Deposit Held in Trust - Tenant Security Deposit	24,221
Client Funds Held in Trust	126,001
Reserve for Replacement	478,556
Total Other Assets	<u>628,778</u>

FIXED ASSETS

Property and Equipment	16,086,276
Accumulated Depreciation	(9,739,843)
Total Fixed Assets	<u>6,346,433</u>

TOTAL ASSETS	\$ <u>8,705,236</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 170,900
Other Payables	74,284
Accrued Salaries	154,367
SBA Paycheck Protection Program Loan	907,412
Client Funds Held In Trust	95,957
Line of Credit	34,171
Capital Lease Payable - Current Portion	10,802
Notes Payable - Current Portion	46,404
Mortgages Payable - Current Portion	167,547
Accrued Interest Payable	5,693
Total Current Liabilities	<u>1,667,537</u>

LONG-TERM LIABILITIES

Tenant Security Deposit	24,221
Capital Lease Payable - Net of Current Maturities	15,002
Notes Payable - Net of Current Maturities	122,800
Mortgages Payable - Net of Current Maturities	570,995
Total Long-Term Liabilities	<u>733,018</u>

TOTAL LIABILITIES	<u>2,400,555</u>
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NET ASSETS

Net Assets Without Donor Restrictions	<u>6,304,681</u>
Total Net Assets	<u>6,304,681</u>

TOTAL LIABILITIES AND NET ASSETS	\$ <u>8,705,236</u>
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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, 2020

REVENUE		
Grants and Contracts	\$	5,299,268
Program Income		31,844
Rental Income		744,636
Fees		72,622
Sales		10,996
Contributions & Donations		375,712
Fundraising Revenue		119,716
Interest Revenue		1,308
Other		224,848
Match and In-Kind		3,832
Gain on Disposal of Asset		12,590
Total Revenues		6,897,372
 EXPENSES		
Program Services		
Arkansas Children Developmental Disabilities		1,488,732
Arkansas Adult Developmental Disabilities		695,113
Texas Specialized Services for Persons with Disabilities		180,522
Senior Day Center		342,919
Waiver Services		468,167
Personal Care		135
Area Agency on Aging		42,777
Texas Early Childhood Intervention		831,677
Texas Early Headstart		815,170
Housing Opportunities, Inc.		337,782
Housing Opportunities Extension, Inc.		60,274
Housing Opportunities Addition, Inc.		631,510
Supporting Services:		
Development/Fundraising		200,357
Management and General		807,698
Total Expenses		6,902,833
CHANGE IN NET ASSETS		(5,461)
Net Assets, June 30, 2019		6,310,142
NET ASSETS, JUNE 30, 2020	\$	6,304,681

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, 2020

	Arkansas Children Developmental Disabilities	Arkansas Adult Developmental Disabilities	Texas Sepcialized Services for Persons with Disabilities	Senior Day Center	Waiver Services
EXPENSES					
Salaries and Fringe Benefits	\$ 716,093	\$ 367,686	\$ 100,704	\$ 202,113	\$ 418,719
Contractual	421,862	11,543	1,227	542	-
Audit	-	-	-	-	-
Accounting/Data Processing	-	-	-	-	-
Rental	-	-	-	-	-
Building Repairs and Maintenance	8,623	10,603	2,260	5,489	681
Lawn Care Maintenance	563	537	143	244	-
Equipment Rental	4,361	2,118	570	1,674	133
Equipment Repair	1,568	1,578	472	565	-
Food and Food Supplies	45,808	18,983	11,065	13,585	36,434
Insurance	58,709	46,163	15,877	22,697	5,220
Janitorial Service and Supplies	8,934	6,318	1,854	3,813	-
EFT Fees	-	-	-	-	-
Office Supplies	-	-	-	-	-
Program Supplies	6,811	3,541	1,268	1,506	1,478
Subscriptions & Dues	-	-	-	-	-
Equipment and Facilities	2,009	1,607	467	902	-
Staff Education & Training	1,925	3,401	276	328	770
Staff Travel	-	-	-	-	-
Transportation and Vehicle Expense	35,226	25,345	15,786	17,506	-
Telephone	-	-	-	-	-
Utilities	23,472	29,068	7,729	13,180	-
Postage and Freight	-	-	-	-	-
Client Wages and Fringe Benefits	-	14,729	-	-	-
Miscellaneous and Other Costs	2,986	1,282	572	807	847
Interest	3,978	1,778	322	952	2,385
Provider Fee	-	-	-	-	-
Depreciation	138,406	145,772	19,465	55,876	-
Match and In-Kind	2,745	-	-	-	-
Information Technologies Expense	4,653	3,061	465	1,140	1,500
Total Expenses	\$ 1,488,732	\$ 695,113	\$ 180,522	\$ 342,919	\$ 468,167

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, 2020

	Personal Care	Area Agency on Aging	Texas Early Childhood Intervention	Texas Early Headstart	Housing Opportunities, Inc.
EXPENSES					
Salaries and Fringe Benefits	\$ 135	\$ 35,333	\$ 587,026	\$ 681,949	\$ 51,009
Contractual	-	144	138,397	2,728	-
Audit	-	-	-	-	-
Accounting/Data Processing	-	-	-	-	-
Rental	-	-	-	-	-
Building Repairs and Maintenance	-	5	712	2,047	30,498
Lawn Care Maintenance	-	22	37	306	1,494
Equipment Rental	-	-	217	1,658	2,109
Equipment Repair	-	48	53	715	-
Food and Food Supplies	-	5,310	15	22,080	-
Insurance	-	284	9,255	24,228	36,491
Janitorial Service and Supplies	-	35	1,056	7,960	3,383
EFT Fees	-	-	-	-	-
Office Supplies	-	-	-	-	569
Program Supplies	-	864	4,587	12,104	-
Subscriptions & Dues	-	-	-	-	-
Equipment and Facilities	-	4	99	1,213	9,810
Staff Education & Training	-	3	559	3,126	-
Staff Travel	-	-	79,274	3,384	-
Transportation and Vehicle Expense	-	427	-	3,532	-
Telephone	-	-	-	-	2,566
Utilities	-	245	1,968	16,540	136,340
Postage and Freight	-	-	-	-	-
Client Wages and Fringe Benefits	-	-	-	-	-
Miscellaneous and Other Costs	-	42	453	1,669	959
Interest	-	-	-	-	-
Provider Fee	-	-	-	-	-
Depreciation	-	-	5,016	25,911	62,478
Match and In-Kind	-	-	-	1,087	-
Information Technologies Expense	-	11	2,953	2,933	76
Total Expenses	\$ 135	\$ 42,777	\$ 831,677	\$ 815,170	\$ 337,782

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, 2020

	Housing Opportunities Extension, Inc.	Housing Opportunities Addition, Inc.	Development and Fundraising	Management and General	Management and General (HOI)
EXPENSES					
Salaries and Fringe Benefits	\$ 8,560	\$ 413,469	\$ 44,280	\$ 520,969	-
Contractual	-	14,083	-	-	-
Audit	-	-	-	29,499	11,795
Accounting/Data Processing	-	-	-	-	3,878
Rental	-	-	-	14,785	-
Building Repairs and Maintenance	13,994	11,446	-	-	-
Lawn Care Maintenance	36	65	-	-	-
Equipment Rental	1,437	844	-	-	-
Equipment Repair	-	21,026	-	-	-
Food and Food Supplies	-	15,571	8,004	-	-
Insurance	8,595	6,540	-	17,174	-
Janitorial Service and Supplies	2,162	2,727	-	-	-
EFT Fees	132	-	-	-	-
Office Supplies	-	-	4,424	12,116	-
Program Supplies	-	13,166	16,121	-	-
Subscriptions & Dues	-	-	-	20,567	573
Equipment and Facilities	3,577	4,514	-	-	-
Staff Education & Training	-	64	700	-	716
Staff Travel	-	-	-	-	-
Transportation and Vehicle Expense	-	2,027	-	-	-
Telephone	1,563	-	-	54,842	-
Utilities	11,106	10,574	-	-	-
Postage and Freight	-	-	-	5,499	-
Client Wages and Fringe Benefits	-	-	-	-	-
Miscellaneous and Other Costs	1,007	1,433	123,071	14,568	971
Interest	-	2,607	-	-	62,274
Provider Fee	-	82,804	-	-	-
Depreciation	8,105	28,328	-	-	-
Match and In-Kind	-	-	-	-	-
Information Technologies Expense	-	222	3,757	-	-
Total Expenses	\$ 60,274	\$ 631,510	\$ 200,357	\$ 690,019	\$ 80,207

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, 2020

EXPENSES	Management and General (HOE)	Management and General (HOA)	Total
Salaries and Fringe Benefits	\$ -	\$ -	\$ 4,148,045
Contractual	-	-	590,526
Audit	8,480	8,085	57,859
Accounting/Data Processing	1,477	-	5,355
Rental	-	-	14,785
Building Repairs and Maintenance	-	-	86,358
Lawn Care Maintenance	-	-	3,447
Equipment Rental	-	-	15,121
Equipment Repair	-	-	26,025
Food and Food Supplies	-	-	176,855
Insurance	-	-	251,233
Janitorial Service and Supplies	-	-	38,242
EFT Fees	-	-	132
Office Supplies	-	1,031	18,140
Program Supplies	-	-	61,446
Subscriptions & Dues	-	2,172	23,312
Equipment and Facilities	-	-	24,202
Staff Education & Training	400	-	12,268
Staff Travel	-	-	82,658
Transportation and Vehicle Expense	-	-	99,849
Telephone	-	2,147	61,118
Utilities	-	-	250,222
Postage and Freight	-	108	5,607
Client Wages and Fringe Benefits	-	-	14,729
Miscellaneous and Other Costs	30	180	150,877
Interest	13,362	-	87,658
Provider Fee	-	-	82,804
Depreciation	-	-	489,357
Match and In-Kind	-	-	3,832
Information Technologies Expense	-	-	20,771
Total Expenses	\$ 23,749	\$ 13,723	\$ 6,902,833

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (5,461)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	489,357
Gain on Disposal of Property	(12,590)
Decrease in Accounts Receivables	209,376
(Increase) in Other Receivables	(143,380)
(Increase) in Prepaid Expenses	(25,455)
(Decrease) in Accounts Payable	(54,437)
Increase in Other Payables	61,539
(Decrease) in Accrued Salaries	(21,196)
(Decrease) in Accrued Interest Payable	(1,178)
Increase in Client Funds Payable	38,834
Increase in Tenant Security Deposit Payable	66
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>535,475</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of Fixed Assets	(223,093)
Proceeds from Disposition of Fixed Assets	12,590
NET CASH USED FOR INVESTING ACTIVITIES	<u>(210,503)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Note Payable	907,412
Proceeds from Line of Credit	34,171
Mortgage Principal Payments	(152,799)
Note Principal Payments	(44,929)
Capital Lease Payments	(10,430)
Payments on Line of Credit	(50,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>683,425</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 1,008,397
CASH BALANCE - JUNE 30, 2019	<u>856,306</u>
CASH BALANCE - JUNE 30, 2020	<u>\$ 1,864,703</u>
 BALNCE SHEET CAPTIONS:	
Cash and Cash Equivalents	\$ 1,235,925
Deposit Held in Trust - Tenant Security Deposit	24,221
Client Funds Held in Trust	126,001
Reserve for Replacement	478,556
	<u>\$ 1,864,703</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, 2020

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, 2020

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 \$46,444 for the year ended June 30, 2020 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, 2020

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, 2020 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, 2020

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, 2017.

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, 2020**

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 \$478,556 at June 30, 2020, 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, 2020, the balance in the accounts totaled \$24,221.

5. Property and Equipment

Property and equipment is as follows as of June 30, 2020:

	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	907,611	-	-	88,860	996,471
Equipment & Furnishings	957,616	509,906	36,440	141,519	1,645,481
Computer Software and Equipment	360,617	4,788	-	1,830	367,235
Total Fixed Assets	<u>12,244,587</u>	<u>2,695,868</u>	<u>367,305</u>	<u>778,516</u>	<u>16,086,276</u>
Less: Accumulated Depreciation	(6,415,776)	(2,389,124)	(310,844)	(624,099)	(9,739,843)
Total Net Fixed Assets	<u>\$ 5,828,811</u>	<u>\$ 306,744</u>	<u>\$ 56,461</u>	<u>\$ 154,417</u>	<u>\$ 6,346,433</u>

Texarkana Special Education Center, Inc. and Related Entities
dba Opportunities, Inc.
Notes to Combined Financial Statements
For the Year Ended June 30, 2020

6. Mortgages Payable

Mortgages payable at June 30, 2020, 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 \$609,349 as of June 30, 2020.

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

2021	\$	150,345	
2022		164,857	
2023		180,770	
2024		113,377	
Total	\$	609,349	

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 \$129,193 as of June 30, 2020.

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

2021	\$	17,202	
2022		18,863	
2023		20,683	
2024		22,680	
2025		24,869	
Thereafter		24,896	
Total	\$	129,193	

Texarkana Special Education Center, Inc. and Related Entities
dba Opportunities, Inc.
Notes to Combined Financial Statements
For the Year Ended June 30, 2020

7. Note Payable

Housing Opportunities Addition, Inc.

During the year, the Center refinanced a note agreement originally obtained to finance facility improvements. The loan total was \$79,197; carries an interest rate of 4.95% and is secured by the building. The note calls for monthly payments of \$941, and matures during July 2025. At June 30, 2020, the loan balance was \$39,930.

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

2021	\$	8,745	
2022		9,953	
2023		10,465	
2024		10,767	
Total	\$	39,930	

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, 2020, the loan balance was \$129,274.

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

2021	\$	37,659	
2022		39,292	
2023		41,227	
2024		11,096	
Total	\$	129,274	

**Texarkana Special Education Center, Inc. and Related Entities
dba Opportunities, Inc.
Notes to Combined Financial Statements
For the Year Ended June 30, 2020**

8. Line of Credit

The Center has an unsecured line of credit agreement with a bank for \$75,000. At June 30, 2020 there were \$34,171 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 2020.

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:

	2021	\$	11,532
	2022		11,532
	2023		3,847
Total Minimum Lease Payments			26,911
Less: Amount Representing Interest			(1,107)
Present Value of Net Minimum Lease Payments		\$	25,804

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

Ford Van		\$	42,988
Less: Accumulated Depreciation			(13,255)
Net Book Value		\$	29,733

Depreciation expense relating to the asset under the capital lease was \$8,598 for the year ended June 30, 2020.

10. Paycheck Protection Program Loan

On April 13, 2020, the Center was granted a loan (the Loan) from State Bank of Dekalb in the aggregate amount of \$907,412, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

Texarkana Special Education Center, Inc. and Related Entities
dba Opportunities, Inc.
Notes to Combined Financial Statements
For the Year Ended June 30, 2020

10. Paycheck Protection Program Loan (Continued)

The Loan, which was in the form of a note dated April 13, 2020, matures on April 13, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing in February 2021. The Note may be prepaid by the Center at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred. The Center intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

11. 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 \$3,832 in contributed services.

12. 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.

13. 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.

Texarkana Special Education Center, Inc. and Related Entities
dba Opportunities, Inc.
Notes to Combined Financial Statements
For the Year Ended June 30, 2020

14. 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, 2020

15. 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.

16. 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.

Texarkana Special Education Center, Inc. and Related Entities
dba Opportunities, Inc.
Notes to Combined Financial Statements
For the Year Ended June 30, 2020

17. Implementation of New Accounting Standard

In 2019 the Center adopted Topic 230 Statement of Cash Flows - Restricted Cash. The new guidance requires including restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows (see Statements of Cash Flows pg.10). Disclosure of the nature of restrictions on cash is also required (see Note 2 for disclosure of these restrictions). The retrospective application of the change resulted in an increase of \$477,131 to the July 1, 2019 cash and cash equivalents, as reported in the statement of cash flows. This change did not affect previously reported net assets/change in net assets.

In June 2020 the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), which is a limited deferral of the effective dates of ASU 2014-09, Revenue from Contracts with Customers Topic (606) and ASU 2016-06, Leases (Topic 842). This ASU was issued to provide immediate near term relief for certain entities whom these updates are either currently effective or immediately effective, as a direct result of the COVID-19 pandemic currently impacting the globe. The Center would have been required to implement ASU 2014-09 effective July 1, 2019, had they not elected to defer implementation under ASU 2020-05. The Project is not required to adopt ASU 2016-06 until fiscal year beginning July 1, 2022. The Project is still in the process of evaluating the impact of both ASU 2014-09 and ASU 2016-06.

18. Reclassification of Prior Year Presentation

During the year, the Center modified beginning cash in the statement of cash flows 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.

19. Subsequent Events

The Center has evaluated subsequent events through October 28, 2020, the date which the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency.

Texarkana Special Education Center, Inc. and Related Entities
dba Opportunities, Inc.
Notes to Combined Financial Statements
For the Year Ended June 30, 2020

19. Subsequent Events (Continued)

It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Center's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenants' ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.


Single Audit Compliance Information



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**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, 2020, 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 28, 2020.

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.

**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 & Company


San Antonio, Texas
October 28, 2020



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE 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, 2020. 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.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)**

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.

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, 2020.

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 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 & Company

San Antonio, Texas
October 28, 2020

**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, 2020**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements	
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
Federal Awards	
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, 2020**

Identification of Major Programs	
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	<p>U.S. Department of Health and Human Services Early Headstart CFDA #93.600</p> <p>U.S. Department of Housing and Urban Development Supporting Housing for the Elderly Loan CFDA #14.157</p> <p>Housing Assistance Payments Program CFDA #14.195</p>

**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, 2020**

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, 2020**

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, 2020**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Unique Entity Identifier</u>	<u>CFDA #</u>	<u>Expenditures</u>
<u>FEDERAL PROGRAMS:</u>			
<i><u>US Department of Health and Human Services</u></i>			
<i><u>Direct Funding:</u></i>			
Early HeadStart 06CH7086/05		93.600	\$ 67,170
Early HeadStart 06CH10607/02/01		93.600	722,650
Total Direct Funding			<u>789,820</u>
 <i><u>Pass Through Area Agency on Aging of Southwest Arkansas, Inc.:</u></i>			
<i><u>Aging Cluster:</u></i>			
Title III, Part C, Nutrition Services		93.045	9,015
Nutrition Program for the Elderly		93.053	3,246
Total Aging Cluster			<u>12,261</u>
Social Services Block Grant		93.667	4,464
Total Area Agency on Aging of Southwest Arkansas, Inc.			<u>16,725</u>
 <i><u>Pass Through Arkansas Department of Human Services:</u></i>			
	0600003060		
Social Services Block Grant		93.667	1,097
Total Arkansas Department of Human Services			<u>1,097</u>
Total CFDA# 93.667		<u>\$ 5,561</u>	
 <i><u>Pass Through Texas Department of Assistive and Rehabilitative Services Division for Early Childhood Intervention Services:</u></i>			
	5382001575		
Temporary Assistance for Needy Families		93.558	68,315
Total Texas Department of Assistive and Rehabilitative Services Division for Early Childhood Intervention Services			<u>68,315</u>
 <u>US. Department of Agriculture</u>			
<i><u>Passed Through Texas Department of Agriculture:</u></i>			
	03354		
Division of Children and Family Services/Child Nutrition - Child and Adult Care Food Program		10.558	165,903
Total Department of Agriculture			<u>165,903</u>

See Independent Auditor's Report

**Texarkana Special Education Center, Inc. and Related Entities
dba Opportunities, Inc.
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended June 30, 2020**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Unique Entity Identifier</u>	<u>CFDA #</u>	<u>Expenditures</u>
<u>US. Department of Housing and Urban Development</u>			
Direct Funding:			
Supporting Housing for the Elderly (a)		14.157	144,881
Supporting Housing for the Elderly (b)		14.157	746,460
			<u>891,341</u>
Housing Assistance Payment Program (a)		14.195	58,921
Housing Assistance Payment Program (b)		14.195	395,478
			<u>454,399</u>
Total Department of Housing and Urban Development			\$ <u>1,345,740</u>
(a) Program for Housing Opportunitites Extension, Inc.			
(b) Program for Housing Opportunitites, Inc.			
<u>US. Department of Transportation</u>			
<u>Pass Through Arkansas State Highway and Transportation</u>			
<u>Department:</u>			
Section 5310, Enhanced Mobility of Seniors & Individuals with Disabilities		20.513	\$ <u>68,140</u>
Total Department of Transportation			<u>68,140</u>
<u>US. Department of Education</u>			
<u>Pass Through Texas Department of Assistive and Rehabilitative</u>			
<u>Services Division for Early Childhood Intervention Services:</u>			
Special Education - Grants for Infants and Families	5382001575	84.181	202,385
Special Education - Grants to States		84.027	18,720
Total Texas Department of Assistive and Rehabilitative Services Division for Early Childhood Intervention Services			<u>221,105</u>
Total Department of Education			<u>221,105</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>2,676,845</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, 2020**

STATE PROGRAMS:

Area Agency on Aging of Southwest Arkansas Inc.:

Cigarette Tax	N/A	\$	3,466
State Senior Citizens Centers	N/A		17,592
Total Area Agency on Aging of Southwest Arkansas Inc.			21,058
 TOTAL EXPENDITURES OF STATE AWARDS		 \$	 21,058

**Texarkana Special Education Center, Inc. and Related Entities
dba Opportunities, Inc.
Notes to the Schedule of Federal Awards
For the Year Ended June 30, 2020**

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, 2020.

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, 2020, the Center recognized Medicaid Funds of \$2,718,024 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, 2020, and the balance reported was the ending balance as of June 30, 2019.

**Texarkana Special Education Center, Inc. and Related Entities
dba Opportunities, Inc.
Notes to the Schedule of Federal Awards
For the Year Ended June 30, 2020**

4. Non-Cash Awards (Continued)

The Center had the following loan balances outstanding at June 30, 2020:

<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	\$ 129,193
Supportive Housing for the Elderly (b)	14.157	\$ 459,004

5. Reconciliation

\$ 2,601,365	Non-Federal Grants & Contracts
21,058	Total State Awards
2,676,845	Total Federal Awards
<u>\$ 5,299,268</u>	Total Grants & Contracts per the Statement of Activities

Texarkana Special Education Center, Inc. and Related Entities
dba Opportunities, Inc.
Combining Statement of Financial Position
For the Year Ended June 30, 2020

	TSEC Division 1	TSEC Division 6	Total TSEC	Housing Opportunities, Inc. Division 2
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 820,677	\$ 223,821	\$ 1,044,498	\$ 160,448
Accounts Receivable, Net	120,007	100	120,107	5,506
Other Receivable	143,380	-	143,380	-
Prepaid Expenses	46,444	-	46,444	-
Due From Fundraising	931	-	931	-
Due From Housing Opportunities	22,930	-	22,930	-
Total Current Assets	<u>1,154,369</u>	<u>223,921</u>	<u>1,378,290</u>	<u>165,954</u>
OTHER ASSETS				
Deposit Held in Trust - Tenant Security Deposit	-	-	-	21,688
Cleint Funds	126,001	-	126,001	-
Reserve for Replacement	-	-	-	342,593
Total Other Assets	<u>126,001</u>	<u>-</u>	<u>126,001</u>	<u>364,281</u>
FIXED ASSETS				
Property, Plant, and Equipment	12,244,587	-	12,244,587	2,695,868
Accumulated Depreciation	(6,415,776)	-	(6,415,776)	(2,389,124)
Total Fixed Assets	<u>5,828,811</u>	<u>-</u>	<u>5,828,811</u>	<u>306,744</u>
TOTAL ASSETS	<u>\$ 7,109,181</u>	<u>\$ 223,921</u>	<u>\$ 7,333,102</u>	<u>\$ 836,979</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 102,521	\$ 9,468	\$ 111,989	\$ 10,924
Other Payables	-	-	-	-
Accrued Salaries	154,367	-	154,367	-
Client Funds Held In Trust	95,957	-	95,957	-
Capital Lease Payable - Current Portion	-	-	-	-
Line of Credit	34,171	-	34,171	-
SBA Paycheck Protection Program Loan	907,412	-	907,412	-
Notes Payable - Current Portion	37,659	-	37,659	-
Mortgages Payable - Current Portion	-	-	-	150,345
Accrued Interest Payable	-	-	-	4,697
Due To TSEC	-	931	931	450
Total Current Liabilities	<u>1,332,087</u>	<u>10,399</u>	<u>1,342,486</u>	<u>166,416</u>
LONG-TERM LIABILITIES				
Tenant Security Deposit	-	-	-	21,688
Capital Lease Payable - Net of Current Maturities	-	-	-	-
Notes Payable - Net of Current Maturities	91,615	-	91,615	-
Mortgages Payable - Net of Current Maturities	-	-	-	459,004
Total Long-Term Liabilities	<u>91,615</u>	<u>-</u>	<u>91,615</u>	<u>480,692</u>
TOTAL LIABILITIES	<u>1,423,702</u>	<u>10,399</u>	<u>1,434,101</u>	<u>647,108</u>
NET ASSETS				
Net Assets Without Donor Restrictions	<u>5,773,954</u>	<u>125,047</u>	<u>5,899,001</u>	<u>189,871</u>
Total Net Assets	<u>5,773,954</u>	<u>125,047</u>	<u>5,899,001</u>	<u>189,871</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,197,656</u>	<u>\$ 135,446</u>	<u>\$ 7,333,102</u>	<u>\$ 836,979</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, 2020

	Housing Opportunities Extension, Inc. Division 3	Housing Opportunities Addition, Inc. Division 4	Eliminating Entries	Total Opportunities, Inc.
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 14,488	\$ 16,491	\$ -	\$ 1,235,925
Accounts Receivable, Net	4,033	174,630	-	304,276
Allowance for Doubtful Accounts	-	-	-	-
Other Receivable	-	-	-	143,380
Prepaid Expenses	-	-	-	46,444
Due From Fundraising	-	-	(931)	-
Due From Housing Opportunities	-	-	(22,930)	-
Total Current Assets	<u>18,521</u>	<u>191,121</u>	<u>(23,861)</u>	<u>1,730,025</u>
OTHER ASSETS				
Deposit Held in Trust - Tenant Security Deposit	2,533	-	-	24,221
Cleint Funds	-	-	-	126,001
Reserve for Replacement	135,963	-	-	478,556
Total Other Assets	<u>138,496</u>	<u>-</u>	<u>-</u>	<u>628,778</u>
FIXED ASSETS				
Property, Plant, and Equipment	367,305	778,516	-	16,086,276
Accumulated Depreciation	(310,844)	(624,099)	-	(9,739,843)
Total Fixed Assets	<u>56,461</u>	<u>154,417</u>	<u>-</u>	<u>6,346,433</u>
TOTAL ASSETS	<u>\$ 213,478</u>	<u>\$ 345,538</u>	<u>\$ (23,861)</u>	<u>\$ 8,705,236</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 2,540	\$ 45,447	\$ -	\$ 170,900
Other Payables	-	74,284	-	74,284
Accrued Salaries	-	-	-	154,367
SBA Paycheck Protection Program Loan	-	-	-	907,412
Client Funds Held In Trust	-	-	-	95,957
Line of Credit	-	-	-	34,171
Capital Lease Payable - Current Portion	-	10,802	-	10,802
Notes Payable - Current Portion	-	8,745	-	46,404
Mortgages Payable - Current Portion	17,202	-	-	167,547
Accrued Interest Payable	996	-	-	5,693
Due To TSEC	2,605	19,875	(23,861)	-
Total Current Liabilities	<u>23,343</u>	<u>159,153</u>	<u>(23,861)</u>	<u>1,667,537</u>
LONG-TERM LIABILITIES				
Tenant Security Deposit	2,533	-	-	24,221
Capital Lease Payable - Net of Current Maturities	-	15,002	-	15,002
Notes Payable - Net of Current Maturities	-	31,185	-	122,800
Mortgages Payable - Net of Current Maturities	111,991	-	-	570,995
Total Long-Term Liabilities	<u>114,524</u>	<u>46,187</u>	<u>-</u>	<u>733,018</u>
TOTAL LIABILITIES	<u>137,867</u>	<u>205,340</u>	<u>(23,861)</u>	<u>2,400,555</u>
NET ASSETS				
Net Assets Without Donor Restrictions	75,611	140,198	-	6,304,681
Total Net Assets	<u>75,611</u>	<u>140,198</u>	<u>-</u>	<u>6,304,681</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 213,478</u>	<u>\$ 345,538</u>	<u>\$ (23,861)</u>	<u>\$ 8,705,236</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, 2020

	TSEC Division 1	TSEC Division 6	Total TSEC
REVENUES			
Grants and Contracts	\$ 4,772,972	\$ 40,649	\$ 4,813,621
Program Income	31,844	-	31,844
Rental Income	-	-	-
Fees	72,622	-	72,622
Sales	10,996	-	10,996
Contributions & Donations	-	375,712	375,712
Fundraising Revenue	-	119,716	119,716
Interest Revenue	4	167	171
Other	-	94,613	94,613
Match and In-Kind	3,832	-	3,832
Gain On Disposal of Asset	12,590	-	12,590
Interdivisional Transfers	312,850	(312,850)	-
TOTAL REVENUE	\$ 5,217,710	\$ 318,007	\$ 5,535,717
EXPENSES			
Salaries and Fringe Benefits	\$ 3,609,259	\$ 65,748	\$ 3,675,007
Contractual	576,443	-	576,443
Audit	29,499	-	29,499
Accounting/Data Processing	-	-	-
Rental	14,785	-	14,785
Building Repairs and Maintenance	30,420	-	30,420
Lawn Care Maintenance	1,852	-	1,852
Equipment Rental	10,731	-	10,731
Equipment Repair	4,999	-	4,999
Food and Food Supplies	153,901	7,383	161,284
Insurance	182,433	17,174	199,607
Janitorial Service and Supplies	29,970	-	29,970
EFT Fees	-	-	-
Office Supplies	11,879	4,661	16,540
Program Supplies	32,159	16,121	48,280
Subscriptions & Dues	17,571	2,996	20,567
Equipment and Facilities	6,301	-	6,301
Staff Education & Training	10,388	700	11,088
Staff Travel	82,658	-	82,658
Transportation and Vehicle Expense	97,822	-	97,822
Telephone	54,842	-	54,842
Utilities	92,202	-	92,202
Postage and Freight	5,419	80	5,499
Client Wages and Fringe Benefits	14,729	-	14,729
Miscellaneous and Other Costs	21,271	170,487	191,758
Interest	9,415	-	9,415
Provider Fee	-	-	-
Depreciation	390,446	-	390,446
Match and In-Kind	3,832	-	3,832
Information Technologies Expense	16,716	3,757	20,473
Total Expenses	5,511,942	289,107	5,801,049
CHANGE IN NET ASSETS	(294,232)	28,900	(265,332)
NET ASSETS AT BEGINNING OF YEAR	6,068,186	96,147	6,164,333
NET ASSETS AT END OF YEAR	\$ 5,773,954	\$ 125,047	\$ 5,899,001

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, 2020

	Housing Opportunities, Inc. Division 2	Housing Opportunities Extension, Inc. Division 3	Housing Opportunities Addition, Inc. Division 4	Eliminating Entries	Total Opportunities, Inc.
REVENUES					
Grants and Contracts	\$ -	\$ -	\$ 758,971	\$ (273,324)	\$ 5,299,268
Program Income	-	-	-	-	31,844
Rental Income	639,346	105,290	-	-	744,636
Fees	-	-	-	-	72,622
Sales	-	-	-	-	10,996
Contributions & Donations	-	-	-	-	375,712
Fundraising Revenue	-	-	-	-	119,716
Interest Revenue	848	226	63	-	1,308
Other	3,006	-	127,229	-	224,848
Match and In-Kind	-	-	-	-	3,832
Gain On Disposal of Asset	-	-	-	-	12,590
Interdivisional Transfers	-	-	-	-	-
TOTAL REVENUE	\$ 643,200	\$ 105,516	\$ 886,263	\$ (273,324)	\$ 6,897,372
EXPENSES					
Salaries and Fringe Benefits	\$ 51,009	\$ 8,560	\$ 413,469	\$ -	\$ 4,148,045
Contractual	37,385	5,600	198,961	(227,863)	590,526
Audit	11,795	8,480	8,085	-	57,859
Accounting/Data Processing	3,878	1,477	-	-	5,355
Rental	-	-	-	-	14,785
Building Repairs and Maintenance	30,498	13,994	11,446	-	86,358
Lawn Care Maintenance	1,494	36	65	-	3,447
Equipment Rental	2,109	1,437	844	-	15,121
Equipment Repair	-	-	21,026	-	26,025
Food and Food Supplies	-	-	15,571	-	176,855
Insurance	36,491	8,595	6,540	-	251,233
Janitorial Service and Supplies	3,383	2,162	2,727	-	38,242
EFT Fees	-	132	-	-	132
Office Supplies	569	-	1,031	-	18,140
Program Supplies	-	-	13,166	-	61,446
Subscriptions & Dues	573	-	2,172	-	23,312
Equipment and Facilities	9,810	3,577	4,514	-	24,202
Staff Education & Training	716	400	64	-	12,268
Staff Travel	-	-	-	-	82,658
Transportation and Vehicle Expense	-	-	2,027	-	99,849
Telephone	2,566	1,563	2,147	-	61,118
Utilities	136,340	11,106	10,574	-	250,222
Postage and Freight	-	-	108	-	5,607
Client Wages and Fringe Benefits	-	-	-	-	14,729
Miscellaneous and Other Costs	1,930	1,037	1,613	(45,461)	150,877
Interest	62,274	13,362	2,607	-	87,658
Provider Fee	-	-	82,804	-	82,804
Depreciation	62,478	8,105	28,328	-	489,357
Match and In-Kind	-	-	-	-	3,832
Information Technologies Expense	76	-	222	-	20,771
Total Expenses	<u>455,374</u>	<u>89,623</u>	<u>830,111</u>	<u>(273,324)</u>	<u>6,902,833</u>
CHANGE IN NET ASSETS	187,826	15,893	56,152	-	(5,461)
NET ASSETS AT BEGINNING OF YEAR	2,045	59,718	84,046	-	6,310,142
NET ASSETS AT END OF YEAR	\$ 189,871	\$ 75,611	\$ 140,198	\$ -	\$ 6,304,681

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, 2020**

USDA Program #019-0004 Children:	<u>Breakfast</u>	<u>Lunch</u>	<u>Snack</u>	<u>Total</u>
July	1,957	2,052	1,949	5,958
August	2,144	2,185	2,069	6,398
September	2,061	2,062	1,966	6,089
October	2,193	2,184	2,051	6,428
November	1,727	1,728	1,654	5,109
December	1,599	1,606	1,513	4,718
January	2,107	2,128	1,970	6,205
February	2,043	2,089	1,997	6,129
March	1,056	1,064	1,004	3,124
April	-	-	-	-
May	34	34	34	102
June	861	858	838	2,557
Total Preschool	<u>17,782</u>	<u>17,990</u>	<u>17,045</u>	<u>52,817</u>
USDA Program #019-6002 Adult:	<u>Breakfast</u>	<u>Lunch</u>	<u>Snack</u>	<u>Total</u>
July	717	1,002	1,042	2,761
August	739	1,077	1,125	2,941
September	823	1,468	1,451	3,742
October	983	1,654	1,623	4,260
November	895	1,402	1,436	3,733
December	837	1,306	1,346	3,489
January	887	1,475	1,538	3,900
February	870	1,441	1,504	3,815
March	439	710	733	1,882
April	-	68	72	140
May	-	368	379	747
June	-	450	450	900
Total Adult	<u>7,190</u>	<u>12,421</u>	<u>12,699</u>	<u>32,310</u>
TOTAL UNITS OF SERVICE	<u><u>24,972</u></u>	<u><u>30,411</u></u>	<u><u>29,744</u></u>	<u><u>85,127</u></u>

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