

Options for Independence, Inc.

Financial Statements
and Independent Auditor's Report
Year Ended June 30, 2022

Options for Independence, Inc.

Financial Statements and Independent Auditor's Report Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Options for Independence, Inc.
Houma, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Options for Independence, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Options for Independence, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Options for Independence, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Related-Party Transactions

As discussed in Note 6 to the financial statements, the Organization has had numerous significant transactions with another nonprofit organization controlled by, and with people who are related to, the officers and directors of the Organization. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Options for Independence, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Options for Independence, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Options for Independence, Inc.'s ability to continue as a going concern for a reasonable period of time.

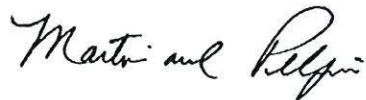
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to the Agency Head on page 18 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 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 December 29, 2022 on our consideration of Options for Independence, Inc.'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. 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 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 Organization's internal control over financial reporting and compliance.



Houma, Louisiana
December 29, 2022

FINANCIAL STATEMENTS

Options for Independence, Inc.

Statement of Financial Position June 30, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 147,016
Promises to give	27,761
Medicaid receivable	229,184
Other receivable	9,542
Related party receivable	57,538
Prepaid expenses	15,669
Total current assets	486,710

Property and equipment, net of accumulated depreciation of \$66,637	2,315,744
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Other assets:

Deposits	1,335
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TOTAL ASSETS	\$ 2,803,789
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LIABILITIES AND NET ASSETS

Current liabilities:

Line of credit	\$ 222,632
Multiple advance loan	408,000
Accounts payable	95,753
Accrued payroll and related liabilities	17,569
Due to Terrebonne Parish Consolidated Government	570,000
Deferred revenue	37,074
Current maturities of long-term debt	11,826
Total current liabilities	1,362,854

Long-term liabilities:

Notes payable, net of current maturities	369,491
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TOTAL LIABILITIES	1,732,345
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Net assets:

Without donor restrictions	67,320
With donor restrictions	1,004,124

TOTAL NET ASSETS	1,071,444
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TOTAL LIABILITIES AND NET ASSETS	\$ 2,803,789
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See accompanying notes.

Options for Independence, Inc.

Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Affordable housing subsidies	\$ -	\$ 634,124	\$ 634,124
Medicaid service fees	609,984	-	609,984
Governmental grants	376,951	-	376,951
Contract income	-	-	-
Rental income	90,918	-	90,918
Other income	47,882	-	47,882
Supportive services	36,000	-	36,000
Interest income	3,984	-	3,984
Donations	2,705	-	2,705
TOTAL REVENUES AND OTHER SUPPORT	1,168,424	634,124	1,802,548
FUNCTIONAL EXPENSES			
Program services			
Clinical expenses	742,642	-	742,642
Community supports	409,397	-	409,397
Total program services	1,152,039	-	1,152,039
Management and general	320,446	-	320,446
TOTAL FUNCTIONAL EXPENSES	1,472,485	-	1,472,485
OTHER INCOME			
Forgiveness of debt - PPP loan	287,300	-	287,300
Employee retention tax credits	118,922	-	118,922
Dividend income	16,027	-	16,027
TOTAL OTHER INCOME	422,249	-	422,249
INCREASE IN NET ASSETS	118,188	634,124	752,312
NET ASSETS, BEGINNING OF PERIOD	(50,868)	370,000	319,132
NET ASSETS, END OF PERIOD	\$ 67,320	\$ 1,004,124	\$ 1,071,444

See accompanying notes.

Options for Independence, Inc.

Statement of Functional Expenses Year Ended June 30, 2022

	PROGRAM SERVICES		Management and General	Total
	Clinical Expenses	Community Supports		
Salaries and wages	\$ 385,838	\$ 272,892	\$ 226,328	\$ 885,058
Professional fees	137,430	13,244	2,100	152,774
Payroll taxes	31,008	21,467	17,728	70,203
Insurance - general	39,001	7,472	696	47,169
Training and education	27,833	1,595	12,442	41,870
Direct aid	-	35,838	-	35,838
Rent	27,517	5,123	475	33,115
Insurance - health	19,290	5,602	7,202	32,094
Housing construction expenses	-	31,497	-	31,497
Depreciation	-	-	24,669	24,669
Insurance - workers' compensation	9,176	6,241	5,232	20,649
Phone	15,562	2,700	235	18,497
Lease - automobile	15,969	-	-	15,969
Interest	-	-	14,805	14,805
Dues and subscriptions	12,411	341	1,942	14,694
Supplies	7,231	1,248	740	9,219
Travel	7,211	332	-	7,543
Automobile expense	3,045	471	6	3,522
Advertising	349	280	2,799	3,428
Repairs and maintenance	219	2,499	212	2,930
Utilities	2,364	261	93	2,718
Bank charges	-	-	2,040	2,040
Postage	955	294	26	1,275
Penalties	-	-	470	470
Other	233	-	206	439
Total	\$ 742,642	\$ 409,397	\$ 320,446	\$ 1,472,485

See accompanying notes.

Options for Independence, Inc.

Statement of Cash Flows
Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 752,312
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	24,669
(Increase)/decrease in operating assets:	
Promises to give	22,868
Medicaid receivable	11,692
Other receivables	147,892
Prepaid expenses	(43,570)
Increase/(decrease) in operating liabilities:	
Accounts payable	23,915
Accrued payroll and related liabilities	(7,951)
Due to Terrebonne Parish Consolidated Government	570,000

NET CASH PROVIDED BY OPERATING ACTIVITIES

1,501,827

CASH FLOWS USED IN INVESTING ACTIVITIES

Purchases of property and equipment	<u>(1,457,224)</u>
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CASH FLOWS FROM FINANCING ACTIVITIES

Repayments from affiliate, net	43,742
Repayments of line of credit, net of advances	(192,412)
Proceeds from short-term debt	408,000
Principal payments of long-term debt	<u>(292,200)</u>

NET CASH USED IN FINANCING ACTIVITIES

(32,870)

NET INCREASE IN CASH AND CASH EQUIVALENTS

11,733

BEGINNING CASH AND CASH EQUIVALENTS

135,283

ENDING CASH AND CASH EQUIVALENTS

\$ 147,016

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid during the year for interest	<u>\$ 14,805</u>
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See accompanying notes.

Options for Independence, Inc.

Notes to Financial Statements
Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of the Organization – Options for Independence, Inc., a not-for-profit, voluntary health and welfare agency, provides a variety of community-based programs to assist children and adults facing significant barriers to achieving meaningful outcomes in the areas of mental health, housing, employment, substance abuse prevention and treatment, disaster recovery, and financial independence. Major programs, which are primarily funded by Medicaid and governmental grants, offered by the Organization include:

Clinical Expenses – The Organization offers research-based interventions to help families strengthen bonding, manage conflict, and set clear expectations for behavior and responsible living. Services include case management, life skills training, individual and group counseling, parenting, and substance abuse prevention and treatment.

Community Supports – Housing supportive services are designed to provide case management services to persons living in transitional housing and to assist them in developing the resources and skills necessary to find and maintain permanent housing. The goal is to end the cycles of homelessness that prevent many people from achieving stability in the community.

The following are the significant accounting policies of Options for Independence, Inc.:

- B. Basis of Presentation – The financial statements are prepared on the accrual basis in accordance with U. S. generally accepted accounting principles.
- C. Cash and Cash Equivalents – For the purpose of the statement of cash flows, Options for Independence, Inc. considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.
- D. Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.
- E. Bad Debts – The financial statements of Options for Independence, Inc. contain no allowance for uncollectible receivables. Uncollectible accounts are recognized as an expense at the time information becomes available that indicates the amounts are uncollectible. While accounting principles generally accepted in the United States of

Options for Independence, Inc.

Notes to Financial Statements
Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

America require that bad debts be recorded utilizing the allowance method, the difference between the two methods is immaterial to the Organization, as management considers all receivables to be fully collectible.

- F. Property and Equipment – Property and equipment of the Organization, excluding donated property and equipment, are valued at cost. All donated property and equipment are recorded at estimated fair market value on the date of the donation. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2022 was \$24,669. Property and equipment acquisitions are capitalized if the purchase exceeds \$1,000 and the asset has a useful life of greater than one year.
- G. Net Assets – Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Options for Independence, Inc. 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 subject to donor-imposed stipulations that may or will be met, either by actions of Options for Independence, Inc. and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.
- H. Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- I. Advertising – Advertising costs are expensed as incurred. Advertising expense totaled \$3,428 for the year ended June 30, 2022.
- J. Income Taxes – Options for Independence, Inc. is a not-for-profit, voluntary health and welfare agency exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

Options for Independence, Inc.

Notes to Financial Statements
Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- K. Estimates – The preparation of financial statements in conformity with U.S. 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.
- L. Recent Pronouncement – In January 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2021. The Organization has not determined the impact ASU 2016-02 will have on its financial statements.

NOTE 2 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, promises to give, receivables, line of credit, multiple advance loan, accounts payable, and notes payable. Management estimates that the fair value of all financial instruments as of June 30, 2022, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

NOTE 3 – UNCERTAIN INCOME TAXES

The Organization's 2020 tax return was filed appropriately. As of December 2022, the Organization had not filed its 2021 tax return as the filing due date had been extended to May 15, 2023. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit period is 2018 to 2021. Management has evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance.

NOTE 4 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of promises to give due from various departments of the State of Louisiana. Because these receivables are passed through support from the federal or state government, the Organization requires no collateral for these amounts.

Options for Independence, Inc.

Notes to Financial Statements
Year Ended June 30, 2022

NOTE 4 – CONCENTRATION OF CREDIT RISK (Cont.)

Options for Independence, Inc. maintains its cash in two financial institutions located in Louisiana. The Federal Deposit Insurance Corporation (FDIC) insures the balances up to \$250,000 at these institutions. During the year ended June 30, 2022, bank balances did not exceed the FDIC insurance limits.

NOTE 5 – PROMISES TO GIVE

As of June 30, 2022, promises to give consist of the following:

Terrebonne Parish Consolidated Government	\$ 12,212
State of Louisiana - Department of Health and Hospitals - Office of Public Health - Nutrition Health Educators	10,318
Lafourche Parish School Board	3,881
Houma City Court	<u>1,350</u>
	<u>\$ 27,761</u>

NOTE 6 – RELATED PARTY RECEIVABLE

Options for Affordable Housing (OAH), a Louisiana non-profit organization, is related to Options for Independence (OFI) as certain individuals provide management to both organizations. OAH constructs single-family residences for sale and/or lease to low-income families in Terrebonne Parish, Louisiana. OFI oversees the construction of such houses and is paid a fee for such services. Also, OFI pays for certain costs of construction and is reimbursed by OAH.

OFI received a grant for the Visions Program during the year ended June 30, 2022. The Visions Program offers housing to individuals between the ages of 18 and 30 who have mental or physical disabilities. OFI and OAH are under a written agreement specifying that OAH will cover the indirect costs of this program. During the year ended June 30, 2022, OAH provided OFI \$36,000 in supportive services. As of June 30, 2022, OAH owes a total of \$57,538 to OFI for these supportive services.

Options for Independence, Inc.

Notes to Financial Statements
Year Ended June 30, 2022

NOTE 7 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment follows:

	July 1, 2021	Additions	Retirements/ Reclassifications	June 30, 2022
Furniture and fixtures	\$ 32,599	\$ -	\$ -	\$ 32,599
Rent houses	365,826	1,092,161	-	1,457,987
Transportation equipment	-	4,267	-	4,267
Storage shed	7,051	-	-	7,051
Land	306,436	279,000	-	585,436
Construction in process	213,245	704,605	(622,809)	295,041
	925,157	2,080,033	(622,809)	2,382,381
Accumulated depreciation	(41,968)	(24,669)	-	(66,637)
Net property and equipment	\$ 883,189	\$ 2,055,364	\$ (622,809)	\$ 2,315,744

Construction in progress consists of the building of houses which will be rented to low-income families upon completion.

NOTE 8 – DUE TO TERREBONNE PARISH CONSOLIDATED GOVERNMENT

During the year ended June 30, 2022, the Organization acquired three rental houses from the Terrebonne Parish Consolidated Government for \$570,000. This total, which is presented as “Due to Terrebonne Parish Consolidated Government” in the accompanying Statement of Financial Position, was financed on October 3, 2022 with three promissory notes. See Note 21 for further details.

NOTE 9 – LINE OF CREDIT

The Organization has a revolving line of credit agreement with a local bank to aid in cash flow management. The agreement, dated November 10, 2021, includes a borrowing limit of \$350,000, an interest rate of Wall Street Journal prime (4.75% as of June 30, 2022) on outstanding balances, is secured by all accounts and general intangibles and a term life insurance policy on the Organization’s Chief Executive Officer’s life, and matures on November 14, 2022, when all outstanding principal and interest is due. As of June 30, 2022, the Organization has an outstanding balance of \$222,632 on this line of credit.

NOTE 10 – MULTIPLE ADVANCE LOAN

The Organization has a multiple advance loan with a local bank. The agreement, dated May 9, 2022, includes a borrowing limit of \$1,386,000, an interest rate of Wall Street Journal prime plus 1.00% (5.75% as of June 30, 2022) on outstanding balances, is secured by real estate, and matures on December 9, 2022, when all outstanding principal and interest is due. As of June 30, 2022, the Organization has an outstanding balance of \$408,000 on this multiple advance loan.

Options for Independence, Inc.

Notes to Financial Statements
Year Ended June 30, 2022

NOTE 11 – LONG-TERM DEBT

On March 27, 2020, the Organization entered into a promissory note with Terrebonne Parish Consolidated Government. The note bears no interest and is collateralized by a rental house and land. Fifty percent of the note is payable in monthly installments of \$208 through June 1, 2050. The remaining 50%, or \$75,000, will be a deferred, interest-free loan that will be forgiven upon expiration of the compliance period, determination of which will be within the sole discretion of TPCG. The outstanding balance on this loan is \$69,792 as of June 30, 2022.

On May 15, 2020, the Organization received a COVID-19 Economic Injury Disaster Loan from the U.S. Small Business Administration. The agreement includes an interest rate of 2.75%, 360 monthly payments of \$624 beginning May 15, 2022, a maturity date of May 16, 2050, and is collateralized by all tangible property. The outstanding balance on this loan is \$145,900.

On August 20, 2020, the Organization entered into a promissory note with Terrebonne Parish Consolidated Government for \$150,000. The note bears no interest and is collateralized by a rental house and land. Fifty percent of the note is payable in monthly installments of \$208 through October 1, 2050. The remaining 50%, or \$75,000, will be a deferred, interest-free loan that will be forgiven upon expiration of the compliance period, determination of which will be within the sole discretion of TPCG. The outstanding balance on this loan is \$70,625 as of June 30, 2022.

On December 18, 2020, the Organization entered into a promissory note with Terrebonne Parish Consolidated Government for \$190,000. The note bears no interest and is collateralized by land. Fifty percent of the note is payable through January 1, 2051. The remaining 50%, or \$95,000, will be a deferred, interest-free loan that will be forgiven upon expiration of the compliance period, determination of which will be within the sole discretion of TPCG. The outstanding balance on this loan is \$95,000 as of June 30, 2022.

Maturities of long-term debt are as follows:

<u>June 30,</u>	
2023	\$ 11,826
2024	11,435
2025	11,556
2026	11,681
2027	11,810
Thereafter	<u>323,009</u>
	<u>\$ 381,317</u>

Options for Independence, Inc.

Notes to Financial Statements
Year Ended June 30, 2022

NOTE 12 – RESTRICTIONS ON NET ASSETS

As discussed in Notes 11 and 14, the restrictions on net assets of \$1,004,124 relate to contract income recognized as part of three loan agreements with the Terrebonne Parish Consolidated Government (\$245,000) and Affordable Housing Program grants (\$759,124). These restrictions will be satisfied by compliance with certain requirements included in the agreements.

NOTE 13 – GOVERNMENTAL GRANTS

During the year ended June 30, 2022, the Organization recognized grant revenue in the form of reimbursements for actual expenses and on a unit of service basis from the following sources:

State of Louisiana - Department of Health and Hospitals - Office of Public Health - Nutrition Health Educators	\$ 134,649
South Central Louisiana Human Services Authority - Community Psychiatric Support and Treatment	3,709
Terrebonne Parish Consolidated Government	129,444
U.S. Department of Housing and Urban Development	89,649
Houma City Court	9,825
Lafourche Parish School Board	<u>9,675</u>
	<u>\$ 376,951</u>

NOTE 14 – AFFORDABLE HOUSING SUBSIDIES

The Organization has been awarded \$1,250,000 of Affordable Housing Program grants through the Federal Home Loan Bank of Dallas. The proceeds of these grants will be used for the construction of ten homes to be rented to local residents who meet certain household income criteria. Under the terms of the grants, if certain program guidelines are met, these funds are not subject to repayment. During the year ended June 30, 2022, the Organization received \$634,124 in direct subsidies under this program. To date, the Organization has received \$759,124 related to this program.

Options for Independence, Inc.

Notes to Financial Statements
Year Ended June 30, 2022

NOTE 15 – PAYROLL PROTECTION PROGRAM LOAN (PPP)

As part of the C.A.R.E.S. Act passed by Congress due to implications from the COVID-19 crisis, Payroll Protection Program loans were made available to small businesses as incentive to retain employees. On February 2, 2021, the Organization borrowed \$287,300 from its bank under this loan program. In May 2022, this loan was forgiven by the lender and the U.S. Small Business Administration (SBA) in accordance with guidelines established by the lender, the SBA, and the C.A.R.E.S. Act, and is included in "Other Income" on the Statement of Activities.

NOTE 16 – EMPLOYEE RETENTION TAX CREDITS

On March 25, 2021, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress in response to the COVID-19 pandemic. Said act contained a business relief provision known as the Employee Retention Credit, a refundable payroll tax credit for qualified wages paid to retain employees from March 13, 2020 through September 30, 2021. The Organization qualified for and received credits in the amount of \$118,922, which have been recorded in the accounting records and are reflected as "Other Income" on the Statement of Activities.

NOTE 17 – OPERATING LEASES

The Organization leases the main premises from which it operates from an unrelated third party under two written agreements dated April 9, 2015 and August 1, 2021. The first agreement expired in September 2022 and required monthly lease payments of \$3,500. The second agreement expires on December 31, 2022 and requires monthly lease payments of \$2,200. Under the second lease, utilities are paid for by the Organization. The total expense under these leases for the year ended June 30, 2022 is \$33,115.

The Organization leased four motor vehicles under non-cancelable leases for 36 months which required base monthly lease payments ranging from \$418 to \$493, excluding sales taxes. The total expense under these leases for the year ended June 30, 2022 is \$15,969.

Future minimum lease payments on the above leases are \$14,453 for the year ending June 30, 2023.

NOTE 18 – RETIREMENT PLAN

The Organization maintains a 403b (annuity) plan for the benefit of its employees. Under the plan, employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. The Organization does not make employer contributions to the plan.

Options for Independence, Inc.

Notes to Financial Statements
Year Ended June 30, 2022

NOTE 19 – COMMITMENT

Options for Independence, Inc. pays a fee for services related to the billing and collection of Medicaid service fees. This monthly fee is equal to 5% of previous month collections or \$7,500, whichever is less. For the year ended June 30, 2022, the Organization paid \$30,947 for these services. This amount is included in "professional fees" on the accompanying Statement of Functional Expenses.

NOTE 20 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2022, reduced by any amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations:

Current assets	\$ 486,710
Less those unavailable for general expenditures within one year:	
Prepaid expenses	(15,669)
Amounts payable for current maturities of long-term debt	<u>(11,826)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 459,215</u>

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 29, 2022, which is the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

The Organization renewed its revolving line of credit agreement with a local bank. The agreement, dated October 27, 2022, includes a borrowing limit of \$225,000, an interest rate of Wall Street Journal prime on outstanding balances, is secured by all accounts and general intangibles, and matures on November 14, 2023, when all outstanding principal and interest is due.

On August 31, 2022, the Organization entered into a promissory note with Terrebonne Parish Consolidated Government for \$231,000. The note bears no interest and is collateralized by rental houses and land. \$75,000 of the note is payable through December 1, 2052. The remaining \$156,000 will be a deferred, interest-free loan that will be forgiven upon expiration of the compliance period, determination of which will be within the sole discretion of TPCG.

Options for Independence, Inc.

Notes to Financial Statements
Year Ended June 30, 2022

NOTE 21 – SUBSEQUENT EVENTS (Cont.)

On October 3, 2022, the Organization entered into three promissory notes with Terrebonne Parish Consolidated Government for \$190,000 each for the rental houses discussed in Note 8. The notes bear no interest and are collateralized by rental houses and land. \$225,000 of the notes are payable through November 1, 2052. The remaining \$345,000 will be deferred, interest-free loans that will be forgiven upon expiration of the compliance period, determination of which will be within the sole discretion of TPCG.

SUPPLEMENTAL INFORMATION

Options for Independence, Inc.

Schedule of Compensation, Benefits, and
Other Payments to the Agency Head
Year Ended June 30, 2022

Agency Head Name: Barry Chauvin, Chief Executive Officer

Purpose	Amount
Salary	\$ 100,000
Benefits - insurance	11
Travel	-
Reimbursements	-
Benefits - retirement	-
Membership fees	-
Special meals	-
Benefits - other	-
Cell phone	-
Conference travel	-
Registration fees	-
Per diem	-
Dues	-
Unvouchered expenses	-
Deferred compensation	-
Car allowance/automobile expense	-
Service fees	-
Vehicle provided by government	-
Housing	-

This form satisfies the reporting requirements of R.S. 24:513(A)(3).

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**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
Options for Independence, Inc.
Houma, Louisiana

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 financial statements of Options for Independence, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 29, 2022.

Internal Control Over Financial Reporting

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

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 Organization's financial statements are free from 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 financial statements. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Houma, Louisiana
December 29, 2022

OTHER INFORMATION

Options for Independence, Inc.

Schedule of Findings and Responses Year Ended June 30, 2022

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Options for Independence, Inc.
2. No deficiencies in internal control were noted during the audit of the financial statements.
3. No instances of noncompliance required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No instances of noncompliance under the provisions of the *Louisiana Governmental Audit Guide* were noted during the audit of the financial statements.
5. A management letter was not issued.

Findings – Financial Statement Audit

None noted.

Findings – Internal Control

None noted.

Findings and Questioned Costs – Major Federal Award Program Audit

Not applicable.

REPORT BY MANAGEMENT

Options for Independence, Inc.

Schedule of Prior Findings and Resolution Matters
Year Ended June 30, 2022

Note: All prior findings relate to the June 30, 2021 audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

This section is not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

STATEWIDE AGREED-UPON PROCEDURES

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors and the
Louisiana Legislative Auditor
Options for Independence, Inc.
Houma, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Organization's management is responsible for those C/C areas identified in the SAUPs.


The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described on pages 25-42.

We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in cursive script, appearing to read "Martin and Kelly".

Houma, Louisiana
December 29, 2022

Options for Independence, Inc.

Houma, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2022

The required procedures and our findings are as follows:

Procedures performed on the Organization's written policies and procedures:

Written Policies and Procedures

1. Obtain and inspect the Organization's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:

a) Budgeting, including preparing, adopting, monitoring, and amending the budget

Performance: Obtained and inspected the written policy for budgeting.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes

Performance: Inquired management of its written policy for purchasing.

Exceptions: The Organization does not have written purchasing policies.

Management's response: Management will consider drafting a written purchasing policy.

c) Disbursements, including processing, reviewing, and approving

Performance: Obtained and read the written policy for disbursements and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions

Performance: Obtained and read the written policy for receipts and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Options for Independence, Inc.

Houma, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended June 30, 2022

- e) Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules

Performance: Obtained and read the written policy for payroll and personnel and found it to contain all requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Performance: Inquired management of its written policies related to contracting.

Exceptions: The Organization does not have a written policy for contracting.

Management's response: Management will consider drafting a policy for contracting.

- g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage

Performance: Inquired management of its written policies related to credit cards.

Exceptions: The Organization does not have a written policy for credit cards.

Management's response: Management will consider drafting a written policy for credit cards.

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Performance: Determined that the Organization follows the state travel and expense reimbursement policy. Obtained and read that travel and expense reimbursement policy and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Options for Independence, Inc.

Houma, Louisiana

Schedule of Procedures and Associated Findings of the

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For the Year Ended June 30, 2022

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy

Performance: Obtained and read the written code of conduct policy which addresses ethics.

Exceptions: The policy does not include a requirement that documentation is to be maintained demonstrating that all employees and officials were notified of any changes to the entity's ethics policy.

Management's response: Management will consider adding such a provision.

- j) Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements

Not applicable for not-for-profits.

- k) Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event

Performance: Inquired management of its written policies related to disaster recovery/business continuity.

Exceptions: The Organization does not have a written policy for disaster recovery/business continuity.

Management's response: Management will consider drafting a written policy for disaster recovery/business continuity.

- l). Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting

Performance: Obtained and read the written code of conduct policy which addresses sexual harassment.

Exceptions: The policy does not address required annual training and the preparation of an annual report.

Management's response: Such provisions do not apply to not-for-profit entities.

**Options for Independence, Inc.
Houma, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2022

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Performance: Determined that the board (with a quorum) and finance committee met bi-annually in accordance with the board's by-laws.

Exceptions: Of the three meetings held, two of the meetings were combined with another not-for-profit agency and did not include official minutes.

Management's response: Minutes will be taken at all future meetings.

- b) Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

Performance: Determined whether the minutes referenced or included financial activity relating to public funds and determined that financial statements are provided at board meetings and finance committee meetings.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;

Options for Independence, Inc.

Houma, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended June 30, 2022

Performance: Determined that randomly selected bank statements were reconciled within two months of the related statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation;

Performance: Inspected documentation for management approvals of each randomly selected bank reconciliation.

Exceptions: There was no documentation on the June 2022 bank reconciliations indicating management's review.

Management's response: Management will document its review of each bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Performance: Inspected documents for items outstanding for more than twelve months and determined that these items were cleared.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select five deposit sites (or all deposit sites if less than five).

Performance: Observed the listing of deposit sites from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe

Options for Independence, Inc.

Houma, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2022

that job duties are properly segregated at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Observed the listing of collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: Inspected policy manual and inquired of client to determine that cash drawers/registers are not shared by employees.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation to the deposit.

Performance: Inspected policy manual and inquired of client to ensure separation of duties for those employees collecting cash and those employees preparing/making bank deposits.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Performance: Inquired of client to ensure separation of duties for those employees collecting cash and those employees posting collection entries to the general ledger or subsidiary ledgers.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Options for Independence, Inc.

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Schedule of Procedures and Associated Findings of the
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For the Year Ended June 30, 2022

Performance: Inspected policy manual and inquired of client to ensure separation of duties for those employees collecting cash and those employees reconciling cash collections to the general ledger and/or subsidiary ledgers.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Observe from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Performance: Determined whether employees who have access to cash are covered by a bond or insurance policy for theft.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

7. Randomly select two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtain supporting documentation for each of the deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Performance: Inspected receipts to determine if they are sequentially pre-numbered.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Inspected deposits from two random deposit dates to determine if they had system reports and collection documentation that agreed to the respective deposit slips. Noted that collections were supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: Inspected deposits from two random deposit dates to determine if the deposit slips agreed to the actual deposits per the bank statements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Options for Independence, Inc.

Houma, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended June 30, 2022

Performance: Inspected deposits from two random deposit dates to determine if the deposit slips agreed to the actual deposits per the bank statements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that the deposit was made within one business day of receipt at the collection location.

Performance: Determined if deposits from two random dates were deposited within one business day of receipt.

Exceptions: It appears that most cash/check transactions included in the deposits tested were not deposited within one business day of receipt.

Management's response: Management will ensure that deposits are made in a timely manner.

- e) Trace the actual deposit per the bank statement to the general ledger.

Performance: Inspected deposits from two random deposit dates to determine if the deposits per the bank statements agree to the general ledger.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).

Performance: Obtained a listing of locations that processed payments for the fiscal period from management and received management's representation in a separate letter. Determined that only one location processed payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties, and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Options for Independence, Inc.

Houma, Louisiana

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For the Year Ended June 30, 2022

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for initiating, approving, and making purchases.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) At least two employees are involved in processing and approving payments to vendors.

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for processing and approving payments to vendors.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Inspected policy manual and inquired of management as to separation of duties related to vendor files.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Inquired of management to determine if the employee responsible for processing payments mails those respective payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter.

Options for Independence, Inc.

Houma, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended June 30, 2022

Randomly selected five disbursements using a random number generator for check numbers to test the requirements below.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

Performance: Determined that the five random disbursements matched their respective original invoices and that the invoices indicate that deliverables were received by the entity.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Performance: Determined whether the documentation for the five random disbursements gave evidence of the segregation of duties tested under #9 above.

Exceptions: Although there is segregation of duties based on two signatures on each check and based on the person who pays the checks, it is not apparent because payments are processed without written purchase orders and receiving reports.

Management's response: Management will consider using a formal, written purchase order/requisition system.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Performance: Observed the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

12. Using the listing prepared by management, randomly select five cards that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Options for Independence, Inc.

Houma, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended June 30, 2022

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Performance: Observed written approvals of credit card transactions on monthly statements.

Exceptions: One of the five payment confirmations included with the monthly statements was not approved by the Executive Director.

Management's response: The Executive Director will initial all payment confirmations included with the statements to indicate approval going forward.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Procedures: Traced selected credit card statements to determine if any finance charges or late fees were applied to balances.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.

Performance: Observed whether randomly selected credit card transactions were supported by the requirements listed above.

Exceptions: Two of the transactions did not include the business purpose in writing or on the invoice itself.

Management's response: Management will include the business purpose on all credit card transactions going forward.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

Options for Independence, Inc.

Houma, Louisiana

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Performance: Obtained a list of all travel and related expense reimbursements. Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Determined that travel expenses were not reimbursed using a per diem.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Performance: Traced expenses to original mileage reports.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Performance: Reviewed documentation of the business/public purpose for each expense.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Inspected each expense reimbursement request to find approval by supervisors and/or board member.

Exceptions: One reimbursement was missing the supervisor's signature.

Management's response: Future reimbursements will be approved in writing by someone other than the person receiving the reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation

Options for Independence, Inc.

Houma, Louisiana

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended June 30, 2022

that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

Performance: Observed the listing of contracts in effect during the fiscal year from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

Performance: Determined that the Organization did not have to comply with the Public Bid Law for any of the selected contracts in place.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law.

Performance: Determined that the Organization is not bound by policy or law to have board approval of contracts. The Chief Executive Officer is allowed to approve contracts.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) If the contract was amended, observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

Performance: Determined that one contract was amended and was in compliance with the original contract terms.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Inspected the randomly selected invoice and compared to the written contract information to determine that the invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Observed the listing of employees and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

17. Randomly select one pay period during the fiscal period. For the five employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave.

Performance: Determined that all selected employees documented their daily attendance and leave for the selected pay period.

Exceptions: One employee's timesheets were missing.

Management's response: This is an isolated incidence. Employee timesheets are required and maintained.

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

Performance: Determined that the attendance and leave of each employee for the selected pay period was approved by each employee's respective supervisor.

Exceptions: One timesheet had no documentation of supervisor approval; others were approved but not in a timely manner.

Management's response: All timesheets will be timely reviewed and documented with supervisor approval.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Performance: Determined that any leave taken during the pay period is reflected in the entity's cumulative leave records.

Exceptions: One employee's leave taken was not documented on her timesheet.

Management's response: Management will document leave taken or accrued in the allotted spot on each timesheet.

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

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Performance: Determined that the rates paid to the employees/officials agree to the authorized rates found in each personnel's file.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Performance: Received management's representation that no termination payments were made during the year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

19. Obtain management's representation that employer and employee portions of third-party payroll-related amounts have been paid, and any associated forms have been filed, by required deadlines.

Performance: Obtained management's representation in a separate letter that employer and employee portions of third-party payroll-related amounts have been paid, and any associated forms have been filed, by required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Ethics

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel", obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Performance: Observed the ethics course completion certificates for the employees/officials tested.

Exceptions: Three certificates did not specify that they were ethics certificates.

Management's response: All employees are required to complete annual ethics training. Management will retain all certificates going forward.

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- b) Observe that the entity maintains documentation which demonstrates each employee and official was notified of any changes to the entity's policy during the fiscal period, as applicable.

Performance: Determined that the Organization did not make any changes to the code of conduct policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Not applicable for not-for-profit entities.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Not applicable for not-for-profit entities.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets and determined that none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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Performance: Observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures and verbally discuss the results with management:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium, observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three months.
- c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select five computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting software in use are currently supported by the vendor.

Performance: We performed the procedures and discussed the results with management.

Sexual Harassment

26. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Not applicable for not-for-profit entities.

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website.

Not applicable for not-for-profit entities.

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28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Not applicable for not-for-profit entities.