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**ODYSSEY HOUSE LOUISIANA, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Odyssey House Louisiana, Inc.  
New Orleans, Louisiana

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Odyssey House Louisiana, Inc. (the Organization), a nonprofit organization, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Odyssey House Louisiana, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Odyssey House Louisiana, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards and *Government Auditing Standards* 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 consolidated financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer on page 22 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer 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 27, 2022, on our consideration of the Organization'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 the Organization'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 Organization's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Metairie, Louisiana  
December 27, 2022

**ODYSSEY HOUSE LOUISIANA, INC**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

**ASSETS**

	<b><u>2022</u></b>	<b><u>2021</u></b>
Current assets:		
Cash and cash equivalents	\$ 2,512,920	\$ 978,550
Restricted cash	171	165
Patient receivables	914,180	1,550,053
Grants and program receivables	1,266,504	1,185,040
Insurance receivables	264,533	-
Inventory	24,561	24,561
Prepaid expenses and deposits	234,750	118,256
Total current assets	<u>5,217,619</u>	<u>3,856,625</u>
Property, buildings, and equipment:		
Buildings and improvements	10,955,116	7,041,092
Furniture, fixtures and equipment	2,958,462	2,950,380
Land and improvements	639,809	635,309
	<u>14,553,387</u>	<u>10,626,781</u>
Less: accumulated depreciation	(5,498,779)	(4,798,381)
Construction in progress	13,247	3,871,575
Total property, buildings and equipment	<u>9,067,855</u>	<u>9,699,975</u>
Other assets:		
Investments	15,875	242,402
Investment in 2700 Bohn Motor, LLC	319,344	325,405
Total other assets	<u>335,219</u>	<u>567,807</u>
Total assets	<u>\$ 14,620,693</u>	<u>\$ 14,124,407</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable and accrued expenses	\$ 1,544,613	\$ 2,045,389
Refundable advances	136,776	38,217
Line of credit	839,580	493,651
Current maturity of long-term debt	48,317	217,888
Total current liabilities	<u>2,569,286</u>	<u>2,795,145</u>
Long-term debt, net of current maturities	<u>2,074,553</u>	<u>1,938,997</u>
Total liabilities	<u>4,643,839</u>	<u>4,734,142</u>
Net assets:		
Without donor restrictions	9,970,777	9,384,188
With donor restrictions	6,077	6,077
Total net assets	<u>9,976,854</u>	<u>9,390,265</u>
Total liabilities and net assets	<u>\$ 14,620,693</u>	<u>\$ 14,124,407</u>

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

**ODYSSEY HOUSE LOUISIANA, INC**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>			<u>2021</u>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>						
United Way grant revenue	\$ -	\$ -	\$ -	\$ 533	\$ -	\$ 533
Contributions - cash and other financial assets	36,184	-	36,184	41,565	-	41,565
Contributions - nonfinancial assets	35,208	-	35,208	-	-	-
Program revenue - cost reimbursement	4,267,384	-	4,267,384	6,099,911	-	6,099,911
Program revenue - fee for service	2,471,929	-	2,471,929	2,145,830	-	2,145,830
Patient revenue - Medicaid claims	16,416,272	-	16,416,272	13,268,194	-	13,268,194
Investment return	38,721	-	38,721	19,151	-	19,151
Rental income	62,667	-	62,667	68,384	-	68,384
Proceeds - business interruption insurance	264,533	-	264,533	514,188	-	514,188
Proceeds - other insurance	1,374,938	-	1,374,938	-	-	-
Provider relief funds	464,798	-	464,798	232,053	-	232,053
Gain on forgiveness of PPP loan	-	-	-	1,654,712	-	1,654,712
Other	112,449	-	112,449	395,857	-	395,857
<b>Total revenues and other support</b>	<b>25,545,083</b>	<b>-</b>	<b>25,545,083</b>	<b>24,440,378</b>	<b>-</b>	<b>24,440,378</b>
<b>EXPENSES</b>						
Program services:						
Residential/detox services	13,932,409	-	13,932,409	13,270,109	-	13,270,109
Outpatient/medical services	5,515,264	-	5,515,264	5,000,406	-	5,000,406
Community and supporting services	1,353,430	-	1,353,430	1,536,176	-	1,536,176
Prevention	459,198	-	459,198	451,971	-	451,971
Sobering center	50,950	-	50,950	-	-	-
340-B Pharmacy	50,262	-	50,262	-	-	-
Supporting activities:						
Management and general	3,506,959	-	3,506,959	2,628,032	-	2,628,032
Fundraising	90,022	-	90,022	83,244	-	83,244
<b>Total expenses</b>	<b>24,958,494</b>	<b>-</b>	<b>24,958,494</b>	<b>22,969,938</b>	<b>-</b>	<b>22,969,938</b>
Change in net assets	586,589	-	586,589	1,470,440	-	1,470,440
Net assets, beginning of year	9,384,188	6,077	9,390,265	7,913,748	6,077	7,919,825
Net assets, end of year	<u>\$ 9,970,777</u>	<u>\$ 6,077</u>	<u>\$ 9,976,854</u>	<u>\$ 9,384,188</u>	<u>\$ 6,077</u>	<u>\$ 9,390,265</u>

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



**ODYSSEY HOUSE LOUISIANA, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

EXPENSES	Program Services						Supporting Services		Total
	Residential/Detox	Outpatient/Medical	Community and Supporting Services	Prevention	Sobering Center	340-B Pharmacy	Management and General	Fundraising	
Compensation	\$ 8,838,810	\$ 3,054,854	\$ 487,920	\$ 318,685	\$ 13,055	\$ -	\$ 2,002,048	\$ 88,979	\$ 14,804,351
Occupancy	911,082	404,415	76,737	15,326	2,817	4,329	89,009	1,043	1,504,758
Equipment	9,348	4,647	1,782	-	-	17,460	225	-	33,462
Copying and printing	32,514	30,707	743	1,194	-	42	8,435	-	73,635
Insurance	256,098	127,214	38,990	6,688	32,563	16,669	95,561	-	573,783
Kitchen	1,083,502	346,530	-	-	-	-	-	-	1,430,032
Development	668	87,610	32	9,891	-	-	18,272	-	116,473
Shipping and postage	202	282	-	-	-	-	3,751	-	4,235
Repairs and maintenance	44,642	37,790	6,880	666	386	-	5,706	-	96,070
Supplies	339,009	166,415	3,152	45,333	300	1,304	606,054	-	1,161,567
Staff training and other	115,195	64,957	1,301	3,079	1,829	-	178,561	-	364,922
Staff travel	23,204	10,693	22	1,423	-	-	105,887	-	141,229
Client specific assistance	87,722	36,543	599,623	-	-	210	-	-	724,098
Vehicles	19,326	6,608	9,383	418	-	-	8,676	-	44,411
Contract services	1,752,378	854,328	22,501	54,206	-	1,581	283,143	-	2,968,137
Special events	50	-	-	-	-	-	7,883	-	7,933
Miscellaneous	-	21,360	1,500	92	-	8,667	56,348	-	87,967
Interest	106,221	11,164	-	-	-	-	3,648	-	121,033
Subtotal	13,619,971	5,266,117	1,250,566	457,001	50,950	50,262	3,473,207	90,022	24,258,096
Depreciation expense	312,438	249,147	102,864	2,197	-	-	33,752	-	700,398
Total expenses	\$ 13,932,409	\$ 5,515,264	\$ 1,353,430	\$ 459,198	\$ 50,950	\$ 50,262	\$ 3,506,959	\$ 90,022	\$ 24,958,494

The accompanying notes are an integral part of this financial statement.

**ODYSSEY HOUSE LOUISIANA, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Program Services				Supporting Services		Total
	Residential/Detox	Outpatient/Medical	Community and Supporting Services	Prevention	Management and General	Fundraising	
<b><u>EXPENSES</u></b>							
Compensation	\$ 8,015,207	\$ 2,603,533	\$ 655,437	\$ 294,136	\$ 1,867,587	\$ 82,022	\$ 13,517,922
Occupancy	919,779	353,361	88,719	12,052	71,752	957	1,446,620
Equipment	61,912	26,744	9,794	634	3,472	-	102,556
Copying and printing	48,104	30,293	511	1,264	6,852	-	87,024
Insurance	237,810	86,058	32,799	12,043	51,574	-	420,284
Kitchen	841,476	297,097	340	1,102	717	-	1,140,732
Development	5,588	12,800	169	3,880	20,874	-	43,311
Shipping and postage	407	30	47	9	3,298	-	3,791
Repairs and maintenance	138,252	6,833	12,493	44	8,969	-	166,591
Supplies	441,983	255,497	13,333	54,825	46,489	-	812,127
Staff training and other	83,046	92,880	2,026	1,890	120,411	265	300,518
Staff travel	15,544	2,252	232	1,725	7,193	-	26,946
Client specific assistance	114,708	51,034	595,191	-	-	-	760,933
Vehicles	14,570	5,329	9,062	303	7,337	-	36,601
Contract services	1,878,066	1,042,104	28,453	64,465	353,642	-	3,366,730
Miscellaneous	28,135	7,569	1,710	191	42,480	-	80,085
Interest	71,833	8,190	-	-	8,467	-	88,490
Subtotal	<u>12,916,420</u>	<u>4,881,604</u>	<u>1,450,316</u>	<u>448,563</u>	<u>2,621,114</u>	<u>83,244</u>	<u>22,401,261</u>
Depreciation expense	<u>353,689</u>	<u>118,802</u>	<u>85,860</u>	<u>3,408</u>	<u>6,918</u>	<u>-</u>	<u>568,677</u>
Total expenses	<u>\$ 13,270,109</u>	<u>\$ 5,000,406</u>	<u>\$ 1,536,176</u>	<u>\$ 451,971</u>	<u>\$ 2,628,032</u>	<u>\$ 83,244</u>	<u>\$ 22,969,938</u>

The accompanying notes are an integral part of this financial statement.

**ODYSSEY HOUSE LOUISIANA, INC**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Change in net assets	\$ 586,589	\$ 1,470,440
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation expense	700,398	568,677
Bad debt expense	-	24,746
Unrealized loss (gain) on investments	7,588	(3,493)
Loss on disposal of assets	155	-
Gain on forgiveness of PPP loan	-	(1,654,712)
Changes in operating assets and liabilities:		
Receivables	289,876	1,540,995
Prepaid expenses and deposits	(116,494)	(25,591)
Accounts payable and accrued expenses	(500,776)	593,388
Refundable advances	98,559	(37,683)
	<u>1,065,895</u>	<u>2,476,767</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Proceeds from sale of investments	225,000	-
Purchases of property, buildings and equipment	(68,433)	(2,884,106)
	<u>156,567</u>	<u>(2,884,106)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Proceeds from line of credit	966,279	375,000
Payments on line of credit	(620,350)	(381,349)
Proceeds from note payable	1,500,000	57,822
Payments on note payable	(1,534,015)	(583,861)
	<u>311,914</u>	<u>(532,388)</u>
Net change in cash, cash equivalents, and restricted cash	1,534,376	(939,727)
Cash, cash equivalents, and restricted cash, beginning of year	978,715	1,918,442
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 2,513,091</u>	<u>\$ 978,715</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 121,033</u>	<u>\$ 87,844</u>
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	\$ 2,512,920	\$ 978,550
Restricted cash	171	165
	<u>\$ 2,513,091</u>	<u>\$ 978,715</u>

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

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**1. Summary of Significant Accounting Policies**

Organization

Odyssey House Louisiana, Inc. (“OHL” or the “Organization”) is a nonprofit corporation organized under the laws of the State of Louisiana. OHL was established in 1973 as a non-profit residential substance abuse treatment facility with the mission of empowering people to conquer addiction in Louisiana. OHL offers a professional, structured, and caring therapeutic community with comprehensive services and effective support systems that enable individuals to chart new lives and return to their communities as contributing members. OHL’s primary source of revenue is from state and federal contracts and grant programs.

Principles of consolidation

The consolidated financial statements include the financial information of OHL. Also included in the consolidated financial statements is OHL Bohn Building, LLC (“OHL Bohn”), a wholly-owned Louisiana limited liability company (see Note 6), as well as OHL North Tonti, LLC, a 99% owned Louisiana limited liability company (see Note 13). All significant intercompany transactions and balances have been eliminated upon consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting policies followed in the preparation of the accompanying consolidated financial statements are described below.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities and changes in net assets according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Net assets, revenues and other support are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor or certain grantor-imposed restrictions. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

*Net assets with donor restrictions* - Net assets subject to donor or certain grantor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions totaled \$6,077 at June 30, 2022 and 2021.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**1. Summary of Significant Accounting Policies** (continued)

Financial Statement Presentation (continued)

Contributions are received and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as released from restrictions.

Cash, Cash Equivalents, and Restricted Cash

For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. At June 30, 2022 and 2021, the Organization was holding restricted cash of \$171 and \$165, respectively. Its use is restricted to expenditures as specified by various grant agreements.

Receivables

The Organization extends credit to patients, as well as to third-party intermediaries responsible for services provided to patients. Patient receivables are recorded at net realizable value and consist of amounts due for services rendered to patients. Grant and program receivables consist of amounts owed from various federal, state, and local government agencies for grants and fees for service programs. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. At June 30, 2022 and 2021, management believes all receivables to be fully collectible; therefore, an allowance for doubtful accounts has not been established. For the year ended June 30, 2022 and 2021, the bad debt expense was \$0 and \$24,746, respectively. Receivables from contracts with customers are reported as receivables in the accompanying statements of financial position.

Inventory

Inventory consisted of food purchased in connection with the long-term care provided to clients and is accounted for at lower of cost or net realizable value on the first-in first-out (FIFO) basis.

Property, Buildings, and Equipment

Property, buildings, and equipment are recorded at cost. Donations of assets are recorded at estimated fair market value on the date of donation. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line basis over three to thirty years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities.

It is the policy of the Organization to capitalize all property, buildings, and equipment that are acquired as a result of a bulk purchase with an aggregate cost that exceeds \$5,000. Other property, buildings, and equipment not acquired by bulk purchase are capitalized when the acquisition cost is in excess of \$5,000. Costs incurred for repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed as incurred.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**1. Summary of Significant Accounting Policies** (continued)

Property, Buildings, and Equipment (continued)

We review the carrying values of property, buildings, and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the assets. There were no indicators of impairment of property, buildings, and equipment at June 30, 2022 or 2021.

The Organization's construction in progress at June 30, 2022 and 2021 related to renovations and new construction at the Organization's facilities.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Certificates of deposit are reported at cost which approximates fair value. For the years ended June 30, 2022 and 2021, unrealized gains (losses) on investments are included in the statements of activities.

Compensated Absences

Full time employees are allowed to accrue paid time off based on employment level as follows: staff up to 80 hours, managers up to 100 hours, and CEO up to 160 hours. The liability associated with compensated absences was \$343,217 and \$318,025, respectively, at June 30, 2022 and 2021. Compensated absences are included in accounts payable and accrued expenses in the consolidated statements of financial position.

Revenue and Revenue Recognition

Grants and Other Program Revenue

The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Grant revenue is recognized as it is earned in accordance with approved contracts. Grants for fee income are recorded as net assets without donor restrictions in the statements of activities. Grantor-restricted support is reported as an increase in net assets without donor restrictions in the statements of activities if the grantor restrictions expire or are met in the same reporting period in which the revenue is recognized.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**1. Summary of Significant Accounting Policies** (continued)

Revenue and Revenue Recognition (continued)

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. As of June 30, 2022, the Organization has been awarded cost –reimbursable grants of approximately \$6,400,000 which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Of this amount, the conditional grant commitments that are not recognized in the June 30, 2022 consolidated financial statements consisted of conditional cost-reimbursement grants awarded by government agencies of approximately \$3,800,000.

Fee for service program revenue represents the estimated net realizable amounts due from third party payors for services rendered. Revenues are recorded during the period the services are provided based upon the estimated amounts due from payors and in accordance with third party contracts. Receivables are recorded at estimated net realizable value, based on stated contract rates with third party payors. Accounts receivable are due in full when billed. Interest is not charged on past due accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed or when the accounts reach approximately 90 days old. Management has determined that there was no allowance for uncollectible accounts related to these fee for service programs at June 30, 2022 and 2021.

Patient Service Revenue

Patient service revenue represents the estimated net realizable amounts due for services rendered based on estimated contractual reimbursement percentage, which is based on current contract prices or historical paid claims data for each payor. Revenues are recorded during the period the services are provided based upon the estimated amounts due from payors and in accordance with third party contracts. Receivables are recorded at estimated net realizable value, based on stated contract rates with third party payors. Accounts receivable are due in full when billed. Interest is not charged on past due accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed or when the accounts reach approximately 90 days old. The Organization has no contract assets at June 30, 2022 and 2021.

The Organization reports revenues from patient services at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are primarily due from patients and governmental programs. Revenue is recognized as the performance obligations are satisfied.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**1. Summary of Significant Accounting Policies** (continued)

*Patient Service Revenue* (continued)

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on daily per diem rates or other agreed-upon rates allowed by third party payor contracts. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Organization measures the performance obligation from admission into the Organization, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services which is generally less than one day. The Organization does not have performance obligations that are unsatisfied or partially unsatisfied at June 30, 2022 and 2021.

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time that payment is received for that service will be one year or less.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period (if any). The unsatisfied or partially unsatisfied performance obligations referred to previously are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days of the end of the reporting period.

Laws and regulations governing the Medicaid program are complex and subject to interpretation. The estimated reimbursement amounts are made on a payor-specific basis and are recorded based on the best information available regarding management's interpretation of the applicable laws, regulations and contract terms. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and the frequent changes in commercial contractual terms resulting from contract renegotiations and renewals. Due to the complexities involved in the classification and documentation of patient care services authorized and provided, the estimation of revenues earned and the related reimbursement are often subject to interpretations that could result in payments that are different from the Organization's estimates.

Contributions of Nonfinancial Assets (In-Kind Contributions)

The Organization recognized revenue of \$35,208 during the year ended June 30, 2022 related to contributions of supplies. These items are recorded as contributions based on their fair value as of the date of the contribution. Fair value was estimated based on the price the donor sells these supplies to other organizations. These contributed supplies were utilized in the Organization's programs. There were no in-kind contributions reported in the statements of activities for the year ended June 30, 2021.



**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**1. Summary of Significant Accounting Policies** (continued)

**Functional Allocation of Expenses**

The expenses of providing the programs and other activities have been summarized on a functional basis between program services and supporting activities in the statements of functional expenses by nature and class. Accordingly, certain costs have been allocated among program services and supporting activities benefitted. Such allocations are determined by management on an equitable basis.

**Income Taxes**

The Organization is a nonprofit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S. 47:121(5).

The Organization applies a “more-likely-than-not” recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits or liabilities that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. The Organization has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with more than a 50% likelihood of being sustained upon examination by the taxing authorities.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Change in Accounting Principle**

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The Organization adopted this ASU during the year ended June 30, 2022. The ASU was applied on a retrospective basis, and the adoption had no impact to net assets as of June 30, 2022 or 2021.

**Accounting Pronouncements Issued But Not Yet Effective**

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than twelve months on the statements of financial position as well as additional disclosures. The implementation of this standard was delayed by FASB upon issuance of ASU 2020-05 in June 2020. This standard will be effective for the Organization’s fiscal year ending June 30, 2023. The Organization is currently assessing the impact of this pronouncement on its consolidated financial statements.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**1. Summary of Significant Accounting Policies** (continued)

**Paycheck Protection Program Loan**

In accounting for the terms of the notes payable recorded in connection with the Paycheck Protection Program (PPP), the Organization used guidance on FASB ASC 470 *Debt*, and ASC 450-30 *Gain Contingency*. Accordingly, it recorded the proceeds of the PPP loan as debt, and derecognizes the liability when the loan is paid off or it believes forgiveness is reasonably certain. The Organization believes that the possibility of loan forgiveness is to be regarded as a contingent gain and therefore will not recognize the gain (and derecognize the loan) until all uncertainty is removed. During 2021, the Organization's loan was forgiven and accordingly, a gain on forgiveness of the PPP loan is recognized in the accompanying statements of activities for the year ended June 30, 2021.

**2. Availability and Liquidity**

The Organization's financial assets available for general expenditures within one year as of June 30 consist of the following:

	<u>2022</u>	<u>2021</u>
Financial Assets as of:		
Cash and cash equivalents	\$ 2,512,920	\$ 978,550
Restricted cash	171	165
Patient receivables	914,180	1,550,053
Grants and program receivables	1,266,504	1,185,040
Insurance receivable	264,533	-
Investments	15,875	242,402
Investments in 2700 Bohn Motor, LLC	319,344	325,405
Total Financial Assets	<u>5,293,527</u>	<u>4,281,615</u>
Less amounts not available to be used in one year:		
Restricted cash	171	165
Net assets with donor restrictions	6,077	6,077
Investment in LLC	319,344	325,405
Board designated funds for future use	239,616	238,671
	<u>565,208</u>	<u>570,318</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,728,319</u>	<u>\$ 3,711,297</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments including certificates of deposit. The Organization has a line of credit available to meet cash needs (see Note 8).

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**3. Board of Directors Compensation**

The board of directors is a voluntary board and, therefore, no compensation was paid to any board member during the year ended June 30, 2022 or 2021.

**4. Patient Receivables**

The Organization's patient receivables at June 30, 2022 and 2021 relate to third party reimbursements expected to be received from the Medicaid program.

**5. Receivables from Government Grants and Programs**

The Organization had the following grants receivable as of June 30:

	<u>2022</u>	<u>2021</u>
Health Resources & Services Administration	\$ 414,958	\$ 207,245
Louisiana Clinical Services	380,612	581,402
Substance Abuse & Mental Health Services Administration	114,181	71,295
State of Louisiana	157,245	180,397
Unity of Greater New Orleans	135,018	115,700
Other	64,490	29,001
Total	<u>\$ 1,266,504</u>	<u>\$ 1,185,040</u>

**6. Investments**

At June 30, 2022 and 2021, investments consisted of certificates of deposit, a mutual fund, and an equity investment in a Louisiana limited liability company accounted for under the equity method.

At June 30, 2021, the certificates of deposit have a cost and fair value of \$225,000, respectively. There were no certificates of deposit at June 30, 2022.

At June 30, 2022 and 2021, the mutual fund has a cost of \$6,077 and \$6,077, respectively, and a fair value of \$15,875 and \$17,402, respectively. The mutual fund was created with an initial investment of \$6,077 into an endowment fund administered by the Greater New Orleans Foundation (GNOF). Annually, GNOF distributes a portion of the earnings to the Organization while maintaining the integrity of the corpus. At June 30, 2022, \$6,077 and \$9,798 of the mutual fund's balance is reported as with donor restrictions and without donor restrictions, respectively. At June 30, 2021, \$6,077 and \$11,325 of the mutual fund's balance is reported as with donor restrictions and without donor restrictions, respectively.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**6. Investments** (continued)

In August 2017, the Organization became a member of OHL Bohn Building LLC (“OHL Bohn”), a Louisiana limited liability company. The Organization is the sole member of OHL Bohn. Also, in August 2017 OHL Bohn became a partner in 2700 Bohn Motor, LLC (“Bohn Motor”), a Louisiana limited liability company. OHL Bohn has a 0.50% interest in Bohn Motor. Bohn Motor’s purpose is to acquire real property located at 2700 S Broad Street in New Orleans, Louisiana and to obtain financing for its redevelopment. OHL Bohn's capital balance in Bohn Motor as of June 30, 2022 and 2021 is \$319,344 and \$325,405, respectively, which is reported as investments on the statements of financial position. There were no indicators of impairment on this investment during the years ended June 30, 2022 or 2021.

**7. Fair Value of Investments**

FASB ASC 820 establishes a fair value hierarchy which prioritizes inputs to valuation techniques used to measure fair value. The term “inputs” refers broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be based on independent market data (“observable inputs”) or they may be internally developed (“unobservable inputs”). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad categories. These levels include Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as the quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of the unobservable inputs.

Certificates of deposit are valued at cost which approximates fair value.

The value of the Organization’s investments in the Greater New Orleans Foundation pooled assets are based on information provided by the Greater New Orleans Foundation using net asset value (NAV) as the primary input to measure fair value.

There have been no changes in the methodology used as of June 30, 2022 or 2021. The method described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a schedule of investments held by the Organization at June 30, 2022, including the fair value detailed by level of measurement.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
GNOF investment pool	\$ -	\$ 15,875	\$ -	\$ 15,875
Total	<u>\$ -</u>	<u>\$ 15,875</u>	<u>\$ -</u>	<u>\$ 15,875</u>

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**7. Fair Value of Investments** (continued)

The following is a schedule of investments held by the Organization at June 30, 2021, including the fair value detailed by level of measurement.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 225,000	\$ -	\$ 225,000
GNOF investment pool	-	17,402	-	17,402
Total	<u>\$ -</u>	<u>\$ 242,402</u>	<u>\$ -</u>	<u>\$ 242,402</u>

**8. Line of Credit**

At June 30, 2022, the Organization has a \$3,000,000 line of credit with Hancock Whitney Bank. The line currently carries an interest rate of 5.25% at June 30, 2022 and has a maturity date of July 29, 2023. The line of credit is collateralized by all Organization accounts including grant receivables as well as equipment and contains various covenants. The outstanding balance at June 30, 2022 was \$839,580.

At June 30, 2021, the Organization had a \$1,500,000 line of credit with JP Morgan Chase Bank. The line carried a variable interest rate of 6.67% at June 30, 2021 and had no stated expiration date. The outstanding balance at June 30, 2021 was \$493,651. This line of credit was closed during the fiscal year ended June 30, 2022.

**9. Notes Payable**

At June 30, 2022 and 2021, the Organization has the following notes payable:

	<u>2022</u>	<u>2021</u>
Promissory note with a financial institution; interest at 4.50% per annum; collateralized by the Organization's property; payable in 59 monthly payments of \$22,956 and one final payment of the remaining balance due in March 2022.	\$ -	\$ 1,396,469
Promissory note with Gulf Coast Housing Partnership, Inc.; interest at 0% per annum; collateralized by the Organization's property at 4730 Washington Avenue and 2830 Bell Street; stated maturity of the earlier of December 2, 2049 or upon the sale or refinancing of specific properties (see Note 14).	760,416	760,416
Promissory note with a financial institution; interest at 4.65% per annum; collateralized by the Organization's property; payable in 119 monthly payments of \$9,668 and one final payment of the remaining balance due in July 2031.	<u>1,362,454</u>	<u>-</u>
Total notes payable	<u>\$ 2,122,870</u>	<u>\$ 2,156,885</u>

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**9. Notes Payable** (continued)

Future maturities of notes payable are as follows at June 30, 2022:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 48,317
2024	50,464
2025	53,076
2026	55,633
2027	58,313
Thereafter	<u>1,857,067</u>
Total	<u>\$ 2,122,870</u>

**10. Paycheck Protection Program Loan**

In April 2020, the Organization received loan proceeds in the amount of \$1,654,712 from the Small Business Association through the Paycheck Protection Program (PPP) loan program as established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress in March 2020. The loan bears interest at a rate of 1%. Under the terms of the loan, all or a portion can be forgiven as a grant subject to meeting certain compliance requirements. In April 2021, the Organization received notification from the U.S. Small Business Administration indicating the loan amount was forgiven. As a result, the Organization has accounted for the PPP loan in accordance with FASB Accounting Standards Codification 450-30, *Gain Contingency*, a gain on forgiveness of the loan has been recognized for the year ended June 30, 2021.

**11. Net Assets**

Net assets with donor restrictions in the amount of \$6,077 were for the Organization's substance abuse programs as of June 30, 2022 and 2021.

Net assets without donor restrictions included \$239,616 and \$238,671 of board designated funds for future use as of June 30, 2022 and 2021, respectively.

**12. Retirement Plan**

The Organization has a 401(k) profit sharing plan that provides for discretionary matching contributions determined by the employer covering all full-time employees at least twenty-one years of age with one year of eligible experience. For the year ended June 30, 2022 and 2021, contributions to the plan were \$248,569 and \$211,488, respectively.

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**13. Related Party Transaction**

In December of 2017 the Organization became a partner in OHL North Tonti, LLC, a Louisiana limited liability company (taxed as a partnership). OHL North Tonti, LLC has two members, the Organization at 99% and Edward Carlson, the Organization's CEO (a related party), at 1%. On December 28, 2017 the Organization signed a ground lease agreement with OHL North Tonti, LLC for property located at 1125 N Tonti, Street and 2426, 2432 and 2434 Governor Nichols St. The ground lease is for 99 years ending on December 27, 2116 with the monthly lease amount stated to be \$100.

**14. Commitments**

The loan with Gulf Coast Housing Partnership (GCHP) was executed on December 1, 2019 in the amount of \$760,416 with a zero percent interest rate with a stated maturity of the earlier of December 2, 2049 or upon sale or refinancing of the property. This loan is also secured by all of the Organization's property. The Organization paid a \$10,000 origination fee to secure the funds and is required to pay an additional \$10,000 per year for four more years (maximum \$50,000). As long as the Organization continues to operate as it is now, no payments are required to be made on this loan, and at the end of 49 years, the maturity will extend an additional 49 years in perpetuity.

During the fiscal years ended June 30, 2022 and 2021 the Organization held a contract with Imperial Calcasieu Human Services Authority (ImCal) to operate a licensed Substance Abuse Rehabilitation Treatment Center in Lake Charles, LA. The license is provided by the Louisiana Department of Health and Human Services (DHH). The contract with ImCal was renewed July 1, 2019 and 2022, and the contract expires June 30, 2023. The DHH license includes capacity at the facility of 46 beds. The agreement provides that the Organization shall occupy the facility rent free, with ImCal responsible for major repairs and the Organization responsible for minor repairs, supplies and general upkeep.

**15. Leases**

On December 5, 2017 the Organization entered into a sublease agreement with GCHP for the space at 2700 S Broad Street. GCHP has a lease for the building with 2700 Bohn Motor LLC and is therefore subleasing to the Organization. The commencement date for the Organization's lease was September 1, 2019, the date the Organization first occupied the building. The term of the lease is for ten years from commencement date with the Organization holding a nine-year option to renew. Monthly rental payments are \$52,181. The Organization also leases another commercial space at a rate of \$6,270 per month. Future minimum lease payments for both leases are as follows at June 30, 2022:

<u>Fiscal Year</u>	
2023	\$ 701,412
2024	701,412
2025	701,412
2026	663,792
2027	<u>626,172</u>
Thereafter	<u>\$ 3,394,200</u>

**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

**16. Concentration Risk and Contingencies**

The Organization maintains cash balances and certificates of deposit at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time the amounts on deposit may exceed the federally insured limits. Management believes the credit risk associated with these deposits is minimal.

The Organization receives the majority of its revenue from funds provided through state and federal contracts and grant programs. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or the state level, the amount of funds the Organization receives could be reduced significantly and have an adverse impact on its operations.

The Organization is involved in certain claims and legal actions arising in the normal course of activities. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position.

The Organization is reimbursed on a per diem basis on rates set by the Medicaid program of the State of Louisiana. If there was an overpayment due to an error in setting the rate, the State could pursue recoupment. Since the number of beds eligible for state funding exceeded those submitted for reimbursement, management does not believe a change in rate would result in any retroactive adjustment.

As part of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), the Organization received \$464,798 and \$232,053 in Provider Relief Funds during 2022 and 2021, respectively. These funds are not required to be repaid provided the recipients attest to and comply with certain terms and conditions, including limitations on balance billing and not using these funds to reimburse expenses or losses that other sources are obligated to reimburse. The Organization does not expect to repay funds received; thus, the amount received is recognized in grants and contracts revenue in the Statements of Activities.

**17. Insurance Claims**

The Organization had claims with its insurance providers related to Winter Storm Uri in February 2021 and Hurricane Ida in August 2021. The Organization received \$264,533 and \$514,188 in business interruption claim proceeds during the years ended June 30, 2022 and 2021, respectively. Additionally, the Organization received \$1,374,938 during the year ended June 30, 2022 related to general property and equipment and other claims. As of June 30, 2022, the Organization was notified of an additional claim payment. Thus, the remaining portion has been recognized in the consolidated statements of financial position as insurance receivables at June 30, 2022.

**18. Subsequent Events**

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 27, 2022, and determined that no additional events occurred that require disclosure. No events after this date have been evaluated for inclusion in these consolidated financial statements.



**SUPPLEMENTARY INFORMATION**

**ODYSSEY HOUSE LOUISIANA, INC.**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO CHIEF EXECUTIVE OFFICER**

**YEAR ENDED JUNE 30, 2022**

**Agency Head Name:** Ed Carlson

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 325,397
Car allowance	7,830
Benefits-health/dental/vision insurance	13,542
Benefits-retirement	13,872
Benefits-group life/disability insurance	2,742
Payroll taxes	14,921
Reimbursements	<u>1,885</u>
Total	\$ <u>380,189</u>

See accompanying independent auditors' report.

**INDEPENDENT AUDITORS' 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 of  
Odyssey House Louisiana, Inc.  
New Orleans, 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 consolidated financial statements of Odyssey House Louisiana, Inc. (the Organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 27, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 entity's consolidated 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 or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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.

*Postlethwaite & Netterville*

Metairie, Louisiana  
December 27, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE AND THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the Board of Directors of  
Odyssey House Louisiana, Inc.  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

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

We have audited Odyssey House Louisiana, Inc.'s (the Organization's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2022.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of the Organization as of and for the year ended June 30, 2022, and have issued our report thereon dated December 27, 2022, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Postlethwaite & Netterville*

Metairie, Louisiana  
December 27, 2022

**ODYSSEY HOUSE LOUISIANA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/Program or Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Grant Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Funds passed through Unity of Greater New Orleans, Inc. -</i>			
Continuum of Care Program	14.267	LA0073L6H032013, LA0070L6H031912	\$ <u>751,103</u>
<i>Total Department of Housing and Urban Development</i>			<u>751,103</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Direct Award</i>			
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care) (COVID-19)	93.224	H8H45033, H8DC35766	701,709
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H80CS28362	<u>1,046,124</u>
<i>Total Health Center Program Cluster</i>			<u>1,747,833</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5H79SP021824-02, 1H79T1082458-01, 1H79SP080326-01	775,489
Provider Relief Fund (COVID-19)	93.498	None	<u>232,053</u>
<i>Total Department of Health and Human Services</i>			<u>2,755,375</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<b>\$ <u><u>3,506,478</u></u></b>

The accompanying notes are an integral part of this schedule.



**ODYSSEY HOUSE LOUISIANA, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**JUNE 30, 2022**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Odyssey House Louisiana, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Organization. The Organization's reporting entity is defined in Note 1 to the consolidated financial statements for the year ended June 30, 2022.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Organization's consolidated financial statements for the year ended June 30, 2022. Such expenditures are recognized following the cost principles contained in accordance with the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

**3. Relationship to Financial Statements**

Federal awards are included in program revenue – cost reimbursement in the consolidated statement of activities for the year ended June 30, 2022. Provider Relief Funds (PRF) received during the period of July 1, 2020 through June 30, 2021 (PRF Periods 2 and 3) and were recognized as revenue in fiscal year 2021, but are required to be reported on the Organization's June 30, 2022 Schedule, based on guidance in the 2022 Compliance Supplement. Additionally, PRF amounts received during fiscal year 2022 are required to be reported in a future Schedule, based on guidance in the 2022 Compliance Supplement, and are not included in the attached Schedule.

**4. Relationship to Federal Financial Reports**

Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports.

**5. De Minimis Cost Rate**

During the year ended June 30, 2022, the Organization did not elect to use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance.

**ODYSSEY HOUSE LOUISIANA, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2022**

**(1) Summary of Independent Auditors' Results**

*Financial Statements*

The type of report issued on the consolidated financial statements: Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Noncompliance material to the consolidated financial statements noted? No

*Federal Awards*

Internal controls over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Type of auditors' report issued on compliance for major programs: Unmodified opinion

Any audit findings which are required to be reported under the Uniform Guidance? No

Identification of major programs:

Continuum of Care Program 14.267

Provider Relief Fund 93.498

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee under Section 530 of The Uniform Guidance: Yes

**ODYSSEY HOUSE LOUISIANA, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2022**

- (2) Findings Relating to the Consolidated Financial Statements Reported in Accordance with *Government Auditing Standards*:

**Not Applicable.**

- (3) Findings and Questioned Costs Relating to Federal Awards:

**Not Applicable.**

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**ODYSSEY HOUSE LOUISIANA, INC.**

**REPORT ON STATEWIDE**  
**AGREED-UPON PROCEDURES ON COMPLIANCE**  
**AND CONTROL AREAS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of  
Odyssey House Louisiana, Inc. and the  
Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A 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. Odyssey House Louisiana, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Odyssey House Louisiana, Inc. (the Entity) 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 we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the Entity 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 Entity 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.

*Postlethwaite & Netterville*

Metairie, Louisiana  
December 27, 2022

**ODYSSEY HOUSE LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 25 “*we performed the procedure and discussed the results with management.*” If not, then a description of the exception ensues.

***A - Written Policies and Procedures***

---

1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

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

*No exception noted.*

- 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.

*The Entity has written policies and procedures for purchasing. However, the policies and procedures do not contain attribute (2) regarding how vendors are added to the vendor list.*

- c) ***Disbursements***, including processing, reviewing, and approving

*No exception noted.*

- 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 (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*No exception noted.*

- 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.

*No exception noted.*

- 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.

*No exception noted.*

**ODYSSEY HOUSE LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

- 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 (e.g., determining the reasonableness of fuel card purchases).

*The Entity has written policies and procedures for credit cards. However, the policies and procedures do not contain attributes (1) how cards are to be controlled, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases)*

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

*The Entity has written policies and procedures for travel and expense reimbursement. However, the policies and procedures do not contain attribute (2) dollar thresholds by category of expense.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 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.

*The Entity is a non-profit. Thus, this procedure is not applicable.*

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

*The Entity is a non-profit. Thus, this procedure is not applicable, as public funds are not used for debt service.*

- 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.

*The Entity has written policies and procedures for information technology disaster recovery/business continuity. However, the policies and procedures do not contain attributes (4) the 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.*

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) includes the following requirements per RS 42:42 to 344, (2) agency responsibilities and prohibitions, (3) annual employee training, and (4) annual reporting.

*The Entity is a non-profit. Thus, this procedure is not applicable.*



**ODYSSEY HOUSE LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

***B - 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 whether 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.

*No exception noted.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, 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.

*No exception noted.*

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*The Entity is a non-profit. Thus, this procedure is not applicable.*

***C - 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 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

*A listing of bank accounts was provided and included a total of 23 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure. From the listing provided, we selected 5 bank accounts (1 main operating and 4 haphazardly selected) and obtained the bank reconciliations for the month ended May 31, 2022, resulting in 5 bank reconciliations obtained and subjected to the below procedures.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

*No exception noted.*

**ODYSSEY HOUSE LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

- 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 (e.g., initialed and dated, electronically logged); and

*No exception noted.*

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

*No exception noted.*

***D - Collections (excluding electronic funds transfers)***

---

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 5 deposit sites (or all deposit sites if less than 5).

*A listing of deposit sites was provided and included a one deposit site. No exceptions were noted as a result of performing this procedure. From the listing provided, selected the single deposit site and performed the procedures below.*

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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

*A listing of collection locations for the deposit site selected in procedure #4 was provided and included a total of 2 collection locations. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected one collection location for the deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

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

*No exception noted.*

- 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 (e.g. pre-numbered receipts) to the deposit.

*No exception noted.*

- 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.

*No exception noted.*

**ODYSSEY HOUSE LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

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

*No exception noted.*

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

*No exception noted.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

*We haphazardly selected two deposit dates for each of the 5 bank accounts selected in procedure #3. Two accounts did not have deposits during the period; thus, no selections were made from these accounts. We obtained supporting documentation for each of the 6 deposits and performed the procedures below.*

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

*No exception noted.*

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

*No exception noted.*

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

*No exception noted.*

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

*No exception noted.*

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

*No exception noted.*

**ODYSSEY HOUSE LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

***E - 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 5 locations (or all locations if less than 5).

*The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure. From the listing provided, we selected the single location where disbursements occur and performed the procedures below.*

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 (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

*The listing of employees involved with non-payroll purchasing and payment functions for the payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

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

*No exception noted.*

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

*No exception noted.*

- 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.

*No exception noted.*

- 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.

*The employee/official responsible for signing checks does not mail the payment. The checks are given to an employee in accounts payable for mailing.*

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 5 disbursements for each location, obtain supporting documentation for each transaction and:

*A listing of non-payroll disbursements for the payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected 5 disbursements and performed the procedures below.*

**ODYSSEY HOUSE LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

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

*No exception noted.*

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

*No exception noted for items tested except as noted at 9d the employee/official responsible for signing checks does not mail the payment. The checks are giving to an employee in accounts payable for mailing.*

***F - 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.

*A listing of cards was provided. No exceptions were noted as a result of performing this procedure.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) 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:

*From the listing provided, we haphazardly selected 5 cards (2 credit cards and 3 fuel cards) used in the fiscal period. We haphazardly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.*

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

*No exception noted.*

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

*No exception noted.*

**ODYSSEY HOUSE LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*For the two cards selected in procedure #12 (3 fuel cards excluded), we haphazardly selected 10 transactions from each card and performed the specified procedures. Of the 20 transactions selected for testing, 3 transactions did not have written documentation of the business/public purpose of the transaction. Of the meal transactions selected, 2 transactions selected did not have documentation of the individuals participating in the meals.*

**G - 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 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected 5 reimbursements and performed the procedures below.*

- a) If reimbursed using a per diem, observe 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](http://www.gsa.gov)).

*No exception noted.*

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

*No exception noted.*

- c) Observe 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).

*For 1 of the 5 reimbursements selected for this procedure, there was no documentation of the business/public purpose.*

**ODYSSEY HOUSE LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
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- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*For 1 of the 5 reimbursements selected for this procedure, there was no evidence that the reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.*

***H - Contracts***

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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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*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 was provided. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected 5 contracts and performed the procedures below.*

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*No exception noted.*

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*No exception noted.*

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

*No exception noted.*

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

*We haphazardly selected 1 payment for each of the 5 contracts selected in procedure #15 and performed the specified procedures. No exceptions noted.*

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***I - Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected 5 employees/officials and performed the specified procedures. No exceptions noted.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

*We haphazardly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.*

- a) Observe all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

*No exception noted.*

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

*No exception noted.*

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

*No exception noted.*

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

*No exception noted.*

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's policy on termination payments. Agree the hours to the employee or officials' cumulative 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.

*A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure. From the listing provided, we haphazardly selected 2 employees/officials and performed the specified procedures. There were no exceptions noted.*



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19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

*No exception noted.*

***J - Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

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

*The Entity is a non-profit. Thus, this procedure is not applicable.*

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

*The Entity is a non-profit. Thus, this procedure is not applicable.*

***K - Debt Service***

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

*The Entity is a non-profit and public funds are not used for debt service. Thus, this procedure is not applicable.*

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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*The Entity is a non-profit and public funds are not used for debt service. Thus, this procedure is not applicable.*

**ODYSSEY HOUSE LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
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Schedule A

***L - Fraud Notice***

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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.

*Management provided a listing indicating that there were no misappropriation of public funds and assets during the fiscal period.*

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.

*No exception noted.*

***M - Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed 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 (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*We performed the procedure and discussed the results with management.*

- 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 3 months.

*We performed the procedure and discussed the results with management.*

- 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 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedure and discussed the results with management.*

**ODYSSEY HOUSE LOUISIANA, INC.**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
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Schedule A

***N - Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*The Entity is a non-profit. Thus, this procedure is not applicable.*

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

*The Entity is a non-profit. Thus, this procedure is not applicable.*

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 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;

*The Entity is a non-profit. Thus, this procedure is not applicable.*

- b) Number of sexual harassment complaints received by the agency;

*The Entity is a non-profit. Thus, this procedure is not applicable.*

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

*The Entity is a non-profit. Thus, this procedure is not applicable.*

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

*The Entity is a non-profit. Thus, this procedure is not applicable.*

- e) Amount of time it took to resolve each complaint.

*The Entity is a non-profit. Thus, this procedure is not applicable.*

**ODYSSEY HOUSE LOUISIANA, INC.**  
**MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN**  
**JUNE 30, 2022**

Schedule B

Odyssey House Louisiana, Inc (the Entity) provided a response and corrective action plan for the exceptions noted in Schedule A as set forth below. :

***A - Written Policies and Procedures***

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- 1b) Although, as noted, we have no attribute included in our existing policy to address how vendors are added to our vendor list, we do currently have a process in which we determine the most appropriate vendor available based on our existing procurement policy. If that vendor is not already included on our vendor listing (which is reviewed and approved annually by our board) we request board approval to add to our vendor list. This may be evidenced in our board minutes. We will add this additional verbiage to our existing policy.
- 1g) Although we have a credit card policy, we will make the adjustments suggested to improve our financial policies.
- 1h) We will expand our current travel and expense reimbursement policy to include dollar thresholds by category of expense attribute.
- 1k) While we do not currently have a written policy and procedure in place addressing the above attributes, all are managed regularly by our third-party vendor. We will ensure that the above verbiage is added to our current policy and procedure and will enforce adherence.

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

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- 9d) We will change our process accordingly and ensure that employees responsible for processing payments are not also mailing checks after they are signed.
- 10) As noted in 9d above, we will change our process accordingly and ensure that the employee responsible for processing payments is not also mailing checks after they are signed.

***F - Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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- 13) In the future, we will exert more effort to ensure that all individuals adhere to all processes listed in procedure 13, specifically (3) documentation of the individuals participating in meals (for meal charges only).

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

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- 14) In the future will exert more effort to ensure that all individuals adhere to all processes listed in procedure 14 specifically documentation of business/public purpose.