Options for Independence, Inc.

Financial Statements
and Independent Auditor's Report
June 30, 2021

Options for Independence, Inc.

Financial Statements and Independent Auditor's Report
As of and for the Year Ended June 30, 2021

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Martin and Pellegrin

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Options for Independence, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Related-Party Transactions

As discussed in Note 7 to the financial statements, the Organization has had numerous significant transactions with another nonprofit organization controlled by, and with people who are related to, the officers and directors of the Organization. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to the Agency Head on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2021 on our consideration of Options for Independence, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Martin and Pellegrin

Houma, Louisiana
December 8, 2021

FINANCIAL STATEMENTS

Options for Independence, Inc.

Statement of Financial Position
June 30, 2021

ASSETS	
Current assets:	
Cash and cash equivalents	$ 135,283
Promises to give	50,629
Medicaid receivable	240,876
Other receivables	157,434
Prepaid expenses	13,968
Related party receivable	59,411
Total current assets	657,601
Property and equipment, net of accumulated depreciation of $41,968	883,189
Other assets:	
Deposits	1,335
TOTAL ASSETS	$ 1,542,125
LIABILITIES AND NET ASSETS	
Current liabilities:	
Line of credit	$ 415,044
Accounts payable	71,838
Accrued payroll and related liabilities	25,520
Deferred revenue	37,074
Current maturities of long-term debt	29,734
Total current liabilities	579,210
Long-term liabilities:	
Notes payable, net of current maturities	643,783
TOTAL LIABILITIES	1,222,993
Net assets:	
Without donor restrictions	(50,868)
With donor restrictions	370,000
TOTAL NET ASSETS	319,132
TOTAL LIABILITIES AND NET ASSETS	$ 1,542,125

See accompanying notes.

Options for Independence, Inc.

Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Medicaid service fees	$ 896,678	$ -	$ 896,678
Governmental grants	324,232	-	324,232
Contract income	-	170,000	170,000
In-kind donations	45,000	-	45,000
Rental income	39,751	-	39,751
Supportive services	36,000	-	36,000
COVID-related income	32,553	-	32,553
Other funding	14,236	-	14,236
Donations	6,179	-	6,179
Other income	1,546	-	1,546
TOTAL REVENUES AND OTHER SUPPORT	1,396,175	170,000	1,566,175
FUNCTIONAL EXPENSES			
Program services			
Clinical expenses	787,216	-	787,216
Community supports	292,228	-	292,228
Hooper dorm	20,366	-	20,366
Total program services	1,099,810	-	1,099,810
Management and general	294,792	-	294,792
TOTAL FUNCTIONAL EXPENSES	1,394,602	-	1,394,602
OTHER INCOME			
Forgiveness of debt - PPP loan	287,300	-	287,300
Dividend income	17,771	-	17,771
Gain on sale of assets	538	-	538
TOTAL OTHER INCOME	305,609	-	305,609
INCREASE IN NET ASSETS	307,182	170,000	477,182
NET ASSETS, BEGINNING OF PERIOD	(358,050)	200,000	(158,050)
NET ASSETS, END OF PERIOD	$ (50,868)	$ 370,000	$ 319,132

See accompanying notes.

Options for Independence, Inc.

Statement of Functional Expenses
Year Ended June 30, 2021

	PROGRAM SERVICES				
	Clinical Expenses	Community Supports	Hooper Dorm	Management and General	Total
Salaries and wages	$ 417,030	$ 179,548	$ 5,549	$ 174,577	$ 776,704
Professional fees	154,078	9,004	-	19,309	182,391
Payroll taxes	41,038	16,825	744	15,012	73,619
Direct aid	-	63,224	313	-	63,537
Rent	26,279	4,783	275	10,953	42,290
Insurance - health	22,200	4,822	17	7,291	34,330
Training and education	20,942	707	37	10,148	31,834
Insurance - general	26,726	4,622	-	-	31,348
Lease - automobile	20,456	-	493	-	20,949
Insurance - workers' compensation	10,615	3,831	503	3,751	18,700
Phone	15,345	2,255	417	215	18,232
Interest	-	-	-	16,109	16,109
Depreciation	-	-	-	13,160	13,160
Housing construction expenses	-	-	-	12,402	12,402
Dues and subscriptions	6,754	67	52	4,249	11,122
Travel	10,735	258	-	72	11,065
Bad debts	-	-	11,040	-	11,040
Supplies	7,235	929	471	1,740	10,375
Utilities	4,135	373	109	68	4,685
Bank charges	-	-	-	4,515	4,515
Automobile expense	2,266	300	230	67	2,863
Repairs and maintenance	221	568	56	257	1,102
Postage	753	100	60	12	925
Miscellaneous	-	-	-	716	716
Advertising	408	12	-	-	420
Penalties	-	-	-	169	169
Total	$ 787,216	$ 292,228	$ 20,366	$ 294,792	$ 1,394,602

See accompanying notes.

Options for Independence, Inc.

Statement of Cash Flows
Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	$ 477,182
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	13,160
Gain on sale of assets	(538)
(Increase)/decrease in operating assets:	
Promises to give	(682)
Medicaid receivable	(14,182)
Other receivables	(134,442)
Prepaid expenses	6,265
Increase in operating liabilities:	
Accounts payable	37,935
Accrued payroll and related liabilities	451
NET CASH PROVIDED BY OPERATING ACTIVITIES	385,149
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(462,499)
Proceeds from sale of property and equipment	18,181
NET CASH USED IN INVESTING ACTIVITIES	(444,318)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayments from affiliate, net	11,228
Repayments of line of credit, net of advances	(35,500)
Principal payments of short-term debt	(150,000)
Proceeds from long-term debt	457,300
Principal payments of long-term debt	(311,642)
NET CASH USED IN FINANCING ACTIVITIES	(28,614)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(87,783)
BEGINNING CASH AND CASH EQUIVALENTS	223,066
ENDING CASH AND CASH EQUIVALENTS	$ 135,283

SUPPLEMENTAL CASH FLOW INFORMATION	
Cash paid during the year for interest	$ 16,109

See accompanying notes.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Hooper Dorm – The Organization operates Hooper Dorm which is a residential care facility for females between the ages of 10-17. The program is designed to foster a resident's independence, self-esteem, uniqueness, and mutual respect in a supportive environment.

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

B. Basis of Presentation – The financial statements are prepared on the accrual basis in accordance with U. S. generally accepted accounting principles.

C. Cash and Cash Equivalents – For the purpose of the statement of cash flows, Options for Independence, Inc. considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

D. Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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

E. Bad Debts – The financial statements of Options for Independence, Inc. contain no allowance for uncollectible receivables. Uncollectible accounts are recognized as an expense at the time information becomes available that indicates the amounts are uncollectible. While accounting principles generally accepted in the United States of America require that bad debts be recorded utilizing the allowance method, the difference between the two methods is immaterial to the Organization, as management considers all receivables to be fully collectible.

F. Property and Equipment – Property and equipment of the Organization, excluding donated property and equipment, are valued at cost. All donated property and equipment are recorded at estimated fair market value on the date of the donation. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2021 was $13,160. Property and equipment acquisitions are capitalized if the purchase exceeds $1,000 and the asset has a useful life of greater than one year.

G. Net Assets – Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Options for Independence, Inc. and changes therein are classified and reported as follows:

   Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

   Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of Options for Independence, Inc. and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

H. Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

I. Advertising – Advertising costs are expensed as incurred. Advertising expense totaled $420 for the year ended June 30, 2021.

J. Income Taxes – Options for Independence, Inc. is a not-for-profit, voluntary health and welfare agency exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

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

K. Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

NOTE 2 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, promises to give, receivables, line of credit, accounts payable, and notes payable. Management estimates that the fair value of all financial instruments as of June 30, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

NOTE 3 – UNCERTAIN INCOME TAXES

The Organization's 2019 tax return was filed appropriately. As of December 2021, the Organization had not filed its 2020 tax return as the filing due date had been extended to May 16, 2022. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit period is 2017 to 2020. Management has evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance.

NOTE 4 – CONCENTRATION OF CREDIT RISK

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

NOTE 4 – CONCENTRATION OF CREDIT RISK (Cont.)

Options for Independence, Inc. maintains its cash in two financial institutions located in Louisiana. The Federal Deposit Insurance Corporation (FDIC) insures the balances up to $250,000 at these institutions. At times, bank balances may exceed the $250,000 insurance limits. Management does not believe the Organization has significant risks as related to bank deposits.

NOTE 5 – PROMISES TO GIVE

As of June 30, 2021, promises to give consist of the following:

State of Louisiana - Department of Health and Hospitals - Office of Public Health - Nutrition Health Educators	$ 24,302
Terrebonne Parish Consolidated Government	14,435
U.S. Department of Housing and Urban Development	7,842
Lafourche Parish School Board	2,250
Houma City Court	1,800
	$ 50,629

NOTE 6 – OTHER RECEIVABLES

The other receivables total consists of $154,504 of COVID-19 federal employee retention credits and $2,930 from MacDonell United Methodist Children's Services.

NOTE 7 – RELATED PARTY RECEIVABLE

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

OFI received a grant for the Visions Program during the year ended June 30, 2021. The Visions Program offers housing to individuals between the ages of 18 and 30 who have mental or physical disabilities. OFI and OAH are under a written agreement specifying that OAH will cover the indirect costs of this program. During the year ended June 30, 2021, OAH provided OFI $36,000 in supportive services. As of June 30, 2021, OAH owes a total of $59,411 to OFI for these supportive services.

NOTE 8 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment follows:

	July 1, 2020	Additions	Retirements/ Reclassifications	June 30, 2021
Furniture and fixtures	$ 34,669	$ 6,430	$ (8,500)	$ 32,599
Rent houses	347,960	17,866	-	365,826
Vehicle	23,012	-	(23,012)	-
Storage shed	7,051	-	-	7,051
Land	75,436	231,000	-	306,436
Construction in process	6,042	207,203	-	213,245
	494,170	462,499	(31,512)	925,157
Accumulated depreciation	(42,677)	(13,160)	13,869	(41,968)
Net property and equipment	$ 451,493	$ 449,339	$ (17,643)	$ 883,189

Additions of land included in-kind donations of $45,000 from the Terrebonne Parish Consolidated Government. Construction in progress consists of the building of houses which will be rented to low-income families upon completion.

NOTE 9 – LINE OF CREDIT

The Organization has a revolving line of credit agreement with a local bank to aid in cash flow management. The agreement, dated March 31, 2021, includes a borrowing limit of $415,044, an interest rate of Wall Street Journal prime (3.25% as of June 30, 2021) on outstanding balances, is secured by all accounts and general intangibles and a term life insurance policy on the Organization's Chief Executive Officer's life, and matures on September 30, 2021, when all outstanding principal and interest is due. As of June 30, 2021, the Organization has an outstanding balance of $415,044 on this line of credit.

NOTE 10 – LONG-TERM DEBT

On March 27, 2020, the Organization entered into a promissory note with Terrebonne Parish Consolidated Government. The note bears no interest and is collateralized by a rental house and land. Fifty percent of the note is payable in monthly installments of $208 through June 1, 2050. The remaining 50%, or $75,000, will be a deferred, interest-free loan that will be forgiven upon expiration of the compliance period, determination of which will be within the sole discretion of TPCG. The outstanding balance on this loan is $72,292 as of June 30, 2021.

On May 15, 2020, the Organization received a COVID-19 Economic Injury Disaster Loan in the amount of $145,800 from the U.S. Small Business Administration. The agreement includes an interest rate of 2.75%, 360 monthly payments of $624 beginning May 15, 2022, a maturity date of April 15, 2051, and is collateralized by all tangible property.

NOTE 10 – LONG-TERM DEBT (Cont.)

On August 20, 2020, the Organization entered into a promissory note with Terrebonne Parish Consolidated Government for $150,000. The note bears no interest and is collateralized by a rental house and land. Fifty percent of the note is payable in monthly installments of $208 through November 1, 2050. The remaining 50%, or $75,000, will be a deferred, interest-free loan that will be forgiven upon expiration of the compliance period, determination of which will be within the sole discretion of TPCG. The outstanding balance on this loan is $73,125 as of June 30, 2021.

On December 18, 2020, the Organization entered into a promissory note with Terrebonne Parish Consolidated Government for $190,000. The note bears no interest and is collateralized by land. Fifty percent of the note is payable through January 1, 2051. The remaining 50%, or $95,000, will be a deferred, interest-free loan that will be forgiven upon expiration of the compliance period, determination of which will be within the sole discretion of TPCG. The outstanding balance on this loan is $95,000 as of June 30, 2021.

As part of the CARES Act passed by Congress due to implications from the COVID-19 crisis, Payroll Protection Program loans were made available to small businesses as incentive to keep employees working. The program includes a provision whereby the principal is subject to forgiveness if certain criteria are met. On February 2, 2021, the Organization borrowed a second draw of $287,300 from its bank under this loan program. The loan bears interest at the rate of 1.0% and, after a ten-month deferral period and after any loan forgiveness, is payable in equal monthly installments beginning on March 2, 2022, with final payment due on February 2, 2026. Management expects to meet the criteria for full forgiveness.

Maturities of long-term debt are as follows:

June 30,	
2022	$ 29,734
2023	83,263
2024	84,101
2025	84,953
2026	60,022
Thereafter	331,444
	$ 673,517

NOTE 11 – RESTRICTIONS ON NET ASSETS

As discussed in Notes 10 and 13, the restrictions on net assets of $370,000 relate to contract income recognized as part of three loan agreements with the Terrebonne Parish Consolidated Government ($245,000) and Affordable Housing Program grants ($125,000). These restrictions will be satisfied by compliance with certain requirements included in the agreements.

NOTE 12 – GOVERNMENTAL GRANTS

During the year ended June 30, 2021, the Organization recognized grant revenue in the form of reimbursements for actual expenses and on a unit of service basis from the following sources:

State of Louisiana -	
Department of Health and Hospitals -	
Office of Public Health - Nutrition Health Educators	$ 116,983
Department of Children and Family Services	997
Terrebonne Parish Consolidated Government	95,363
U.S. Department of Housing and Urban Development	95,020
Houma City Court	8,050
Lafourche Parish School Board	7,819
	$ 324,232

NOTE 13 – OTHER FUNDING

During the year ended June 30, 2021, the Organization received other funding of $14,236 from MacDonell United Methodist Children's Services.

The Organization has been awarded $1,250,000 of Affordable Housing Program grants through the Federal Home Loan Bank of Dallas. The proceeds of these grants will be used for the construction of ten homes to be rented to local residents who meet certain household income criteria. Under the terms of the grants, if certain program guidelines are met, these funds are not subject to repayment. During the year ended June 30, 2021, the Organization did not receive any direct subsidies under this program. To date, the Organization has received $125,000 related to this program.

NOTE 14 – STIMULUS PAYMENTS FROM THE U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES

The U.S. Department of Health and Human Services (HHS) has issued stimulus payments as part of the Coronavirus Aid, Relief, and Economic Security Act (C.A.R.E.S.) to facilities and providers that received Medicare fee-for-service reimbursements in 2019. The Organization qualified for credits in the amount of $32,553, which are included on the accompanying Statement of Activities as COVID-related income.

NOTE 15 – PAYROLL PROTECTION PROGRAM LOAN (PPP)

As part of the C.A.R.E.S. Act passed by Congress due to implications from the COVID-19 crisis, Payroll Protection Program loans were made available to small businesses as incentive to retain employees. On April 17, 2020, the Organization borrowed $287,300 from its bank under this loan program. On April 14, 2021, this loan was forgiven by the lender and the U.S. Small Business Administration (SBA) in accordance with guidelines established by the lender, the SBA, and the C.A.R.E.S. Act. On February 2, 2021, a second draw of $287,300 was received under this program, which management expects to qualify for full forgiveness.

NOTE 16 – OPERATING LEASES

The Organization leases the main premises from which it operates and a building which facilitates the Hooper Dorm program from an unrelated third party under a written agreement dated April 9, 2015. The agreement expires on March 31, 2022. The agreement requires monthly lease payments of $3,500. The total expense under this lease for the year ended June 30, 2021 is $42,000.

The Organization leased four motor vehicles under non-cancelable leases for 36 months which required base monthly lease payments ranging from $418 to $493, excluding sales taxes. The total expense under these leases for the year ended June 30, 2021 is $20,949.

Future minimum lease payments on the above leases are as follows:

June 30,	
2022	$ 52,449
2023	1,746
	$ 54,195

NOTE 17 – RETIREMENT PLAN

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

NOTE 18 – COMMITMENT

Options for Independence, Inc. pays a fee for services related to the billing and collection of Medicaid service fees. This monthly fee is equal to 5% of previous month collections or $7,500, whichever is less. For the year ended June 30, 2021, the Organization paid $44,637 for these services. This amount is included in professional fees on the accompanying Statement of Functional Expenses.

NOTE 19 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2021, reduced by any amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations:

Current assets	$ 657,601
Less those unavailable for general expenditures within one year:	
Amounts payable for current maturities of long-term debt	(29,734)
Prepaid expenses	(13,968)
Financial assets available to meet cash needs for general expenditures within one year	$ 613,899

NOTE 20 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 8, 2021, which is the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

The Organization renewed its revolving line of credit agreement with a local bank. The agreement, dated November 10, 2021, includes a borrowing limit of $350,000, an interest rate of Wall Street Journal prime on outstanding balances, is secured by all accounts and general intangibles, and matures on November 14, 2022, when all outstanding principal and interest is due.

SUPPLEMENTAL INFORMATION

Options for Independence, Inc.

Schedule of Compensation, Benefits, and
Other Payments to the Agency Head
Year Ended June 30, 2021

Agency Head Name: Barry Chauvin, Chief Executive Officer

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

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

See independent auditor's report.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Options for Independence, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 8, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Martin and Pellegrin

Houma, Louisiana
December 8, 2021

OTHER INFORMATION

Options for Independence, Inc.

Schedule of Findings and Responses
Year Ended June 30, 2021

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Options for Independence, Inc.

2. No deficiencies in internal control were noted during the audit of the financial statements.

3. No instances of noncompliance required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.

4. No instances of noncompliance under the provisions of the *Louisiana Governmental Audit Guide* were noted during the audit of the financial statements.

5. A management letter was not issued.

Findings – Financial Statement Audit

None noted.

Findings – Internal Control

None noted.

Findings and Questioned Costs – Major Federal Award Program Audit

Not applicable.

REPORT BY MANAGEMENT

Options for Independence, Inc.

Schedule of Prior Findings and Resolution Matters
Year Ended June 30, 2021

Note: All prior findings relate to the June 30, 2020 audit engagement.

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

This section is not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.