

**Options for Independence, Inc.**

Financial Statements  
and Independent Auditor's Report  
June 30, 2020

# Options for Independence, Inc.

## Financial Statements and Independent Auditor's Report As of and for the Year Ended June 30, 2020

### Table of Contents

	<u>Page</u>
<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-16
<b>Supplemental Information</b>	
Schedule of Compensation, Benefits, and Other Payments to the Executive Director	17
<b>Special Report of Certified Public Accountants</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18-19
<b>Other Information</b>	
Schedule of Findings and Responses	20
<b>Report by Management</b>	
Schedule of Prior Findings and Resolution Matters	21

**Martin  
and  
Pellegrin**

103 Ramey Road  
Houma, Louisiana 70360

*Certified public Accountants  
(A Professional Corporation)*

Ph. (985) 851-3638  
Fax (985) 851-3951

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Options for Independence, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as, evaluating the overall presentation of the financial statements.

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

### **Opinion**

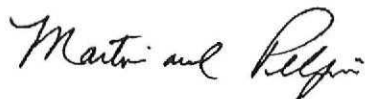
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Options for Independence, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

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 Executive Director 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 15, 2020 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Houma, Louisiana  
December 15, 2020

**FINANCIAL STATEMENTS**

# Options for Independence, Inc.

## Statement of Financial Position June 30, 2020

### ASSETS

#### Current assets:

Cash and cash equivalents	\$ 223,066
Promises to give	49,947
Medicaid receivable	226,694
Other receivable	22,992
Prepaid expenses	20,233
Related party receivable	70,639
Total current assets	613,571

Property and equipment, net of accumulated depreciation of \$42,677	451,493
---	---------

#### Other assets:

Deposits	1,335
----------	-------

**TOTAL ASSETS** \$ 1,066,399

### LIABILITIES AND NET ASSETS

#### Current liabilities:

Line of credit	\$ 450,544
Accounts payable	33,903
Accrued payroll and related liabilities	25,069
Deferred revenue	37,074
Note payable	150,000
Current maturities of long-term debt	69,086
Total current liabilities	765,676

#### Long-term liabilities:

Notes payable, net of current maturities	458,773
--	---------

**TOTAL LIABILITIES** 1,224,449

#### Net assets:

Without donor restrictions	(358,050)
With donor restrictions	200,000

**TOTAL NET ASSETS** (158,050)

**TOTAL LIABILITIES AND NET ASSETS** \$ 1,066,399

See accompanying notes.

## Options for Independence, Inc.

### Statement of Activities For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Medicaid service fees	\$ 1,449,497	\$ -	\$ 1,449,497
Governmental grants	495,771	-	495,771
Other funding	9,490	125,000	134,490
Contract income	-	75,000	75,000
Other income	50,626	-	50,626
Supportive services	39,226	-	39,226
Rental income	13,750	-	13,750
Donations	5,020	-	5,020
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<u>2,063,380</u>	<u>200,000</u>	<u>2,263,380</u>
<b>FUNCTIONAL EXPENSES</b>			
Program services			
Clinical expenses	1,282,719	-	1,282,719
Hooper dorm	387,903	-	387,903
Community supports	158,449	-	158,449
Total program services	<u>1,829,071</u>	<u>-</u>	<u>1,829,071</u>
Management and general	367,240	-	367,240
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>2,196,311</u>	<u>-</u>	<u>2,196,311</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(132,931)	200,000	67,069
<b>NET ASSETS, BEGINNING OF PERIOD</b>	<u>(225,119)</u>	<u>-</u>	<u>(225,119)</u>
<b>NET ASSETS, END OF PERIOD</b>	<u>\$ (358,050)</u>	<u>\$ 200,000</u>	<u>\$ (158,050)</u>

See accompanying notes.

## Options for Independence, Inc.

### Statement of Functional Expenses For the Year Ended June 30, 2020

	PROGRAM SERVICES				Total
	Clinical Expenses	Hooper Dorm	Community Supports	Management and General	
Salaries and wages	\$ 810,955	\$ 248,925	\$ 96,091	\$ 156,509	\$ 1,312,480
Professional fees	204,209	10,211	3,849	34,606	252,875
Payroll taxes	64,851	20,382	7,623	10,169	103,025
Rent	-	56,375	-	42,625	99,000
Insurance - health	34,396	3,610	2,033	14,778	54,817
Direct aid	-	13,165	39,255	1,221	53,641
Training and education	36,580	2,993	512	6,004	46,089
Insurance - general	25,025	4,947	1,865	11,171	43,008
Travel	32,980	30	1,644	614	35,268
Interest	-	-	-	32,969	32,969
Insurance - workers' compensation	17,637	6,099	2,049	3,461	29,246
Housing construction expenses	-	-	-	23,855	23,855
Supplies	10,384	5,639	476	6,552	23,051
Phone	16,093	2,856	898	547	20,394
Lease - automobile	14,802	5,345	-	-	20,147
Dues and subscriptions	5,185	589	21	2,935	8,730
Depreciation	-	-	-	7,064	7,064
Miscellaneous	-	-	113	6,793	6,906
Automobile expense	3,908	2,915	-	-	6,823
Utilities	2,514	1,768	504	751	5,537
Bank charges	-	-	-	3,881	3,881
Repairs and maintenance	131	1,296	1,311	41	2,779
Lease - copier	2,092	413	156	30	2,691
Postage	726	129	49	410	1,314
Advertising	251	216	-	-	467
Penalties	-	-	-	224	224
Office equipment	-	-	-	30	30
Total	\$ 1,282,719	\$ 387,903	\$ 158,449	\$ 367,240	\$ 2,196,311

See accompanying notes.



**Options for Independence, Inc.**

Statement of Cash Flows  
For the Year Ended June 30, 2020

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ 67,069
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	7,064
(Increase)/decrease in operating assets:	
Promises to give	60,174
Medicaid receivable	20,679
Other receivable	(21,570)
Prepaid expenses	(5,137)
Decrease in operating liabilities:	
Accounts payable	(49,410)
Accrued payroll and related liabilities	(13,888)

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 64,981

**CASH FLOWS USED IN INVESTING ACTIVITIES**

Purchases of property and equipment	<u>(392,463)</u>
-------------------------------------	------------------

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayments from affiliate, net	4,482
Repayments of line of credit, net of advances	(145,595)
Proceeds from short-term debt	150,000
Proceeds from long-term debt	531,112
Principal payments of long-term debt	<u>(3,253)</u>

**NET CASH PROVIDED BY FINANCING ACTIVITIES** 536,746

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 209,264

**BEGINNING CASH AND CASH EQUIVALENTS** 13,802

**ENDING CASH AND CASH EQUIVALENTS** \$ 223,066

**SUPPLEMENTAL CASH FLOW INFORMATION**

Cash paid during the year for interest	<u><u>\$ 32,969</u></u>
--	-------------------------

See accompanying notes.

## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2020

### **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.

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.

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

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

- B. Basis of Presentation – The financial statements are prepared on the accrual basis in accordance with U. S. generally accepted accounting principles.
- C. Cash and Cash Equivalents – For the purpose of the statement of cash flows, Options for Independence, Inc. considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.
- D. Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2020

### **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, 2020 was \$7,064. 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 \$467 for the year ended June 30, 2020.
- J. Income Taxes – Options for Independence, Inc. is a not-for-profit, voluntary health and welfare agency exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2020

### **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, 2020, 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 2018 tax return was filed appropriately. As of December 2020, the Organization had not filed its 2019 tax return as the filing due date had been extended to May 15, 2021. 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 2016 to 2019. Management has evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance.

### **NOTE 4 – CONCENTRATION OF CREDIT RISK**

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

## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2020

### **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, 2020, promises to give consist of the following:

State of Louisiana -	
Department of Children and Family Services	\$ 20,269
Department of Health and Hospitals -	
Office of Public Health -	
Nutrition Health Educators	19,808
U.S. Department of Housing and Urban Development	7,751
Lafourche Parish School Board	1,237
South Central Louisiana Human Services Authority -	
Community Psychiatric Support and Treatment	507
Houma City Court	375
	<hr/>
	\$ 49,947

### **NOTE 6 – RELATED PARTY RECEIVABLE**

Options for Affordable Housing (OAH), a Louisiana non-profit organization, is related to Options for Independence (OFI) as certain individuals provide management to both organizations. OAH constructs single-family residences for sale 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, 2020. 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, 2020, OAH provided OFI \$39,226 in supportive services. As of June 30, 2020, OAH owes a total of \$70,639 to OFI for these supportive services.



## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2020

### **NOTE 7 – PROPERTY AND EQUIPMENT**

A summary of changes in property and equipment follows:

	July 1, 2020	Additions	Retirements/ Reclassifications	June 30, 2020
Furniture and fixtures	\$ 125,311	\$ -	\$ (90,642)	\$ 34,669
Rent houses	-	347,960	-	347,960
Vehicle	-	23,012	-	23,012
Storage shed	7,051	-	-	7,051
Land	45,000	30,436	-	75,436
Construction in process	14,987	339,015	(347,960)	6,042
	192,349	740,423	(438,602)	494,170
Accumulated depreciation	(126,255)	(7,064)	90,642	(42,677)
Net property and equipment	\$ 66,094	\$ 733,359	\$ (347,960)	\$ 451,493

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

### **NOTE 8 – 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 September 14, 2018, includes a borrowing limit of \$600,000, an interest rate of Wall Street Journal prime (3.25% as of June 30, 2020) on outstanding balances, is secured by all accounts and general intangibles and a term life insurance policy on the Organization's Executive Director's life, and matures on February 15, 2021, when all outstanding principal and interest is due. As of June 30, 2020, the Organization has an outstanding balance of \$450,544 on this line of credit.

### **NOTE 9 – NOTE PAYABLE**

On May 29, 2020, the Organization entered into a promissory note with a local bank for \$150,000 to fund construction in progress. The loan bears interest at the rate of 6.0%, is collateralized by real estate, and matures on August 29, 2020.

### **NOTE 10 – LONG-TERM DEBT**

On August 1, 2019, the Organization entered into a finance agreement with a local dealership for a vehicle. The agreement includes an amount financed of \$23,012, an interest rate of 6.92%, 60 monthly payments of \$456, and a maturity date of August 15, 2024. As of June 30, 2020, the outstanding balance on this loan is \$19,759.

## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2020

### **NOTE 10 – LONG-TERM DEBT (Cont.)**

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 \$75,000 as of June 30, 2020.

As part of the CARES Act passed by Congress due to implications from the COVID-19 crisis, Payroll Protection Program loans were made available. The program includes a provision whereby the principal is subject to forgiveness if certain criteria are met. On April 17, 2020, the Organization borrowed \$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 17, 2021, with final payment due on August 17, 2022. Management expects to meet the criteria for full forgiveness.

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, and a maturity date of April 15, 2051.

Maturities of long-term debt are as follows:

<u>June 30,</u>	
2021	\$ 69,086
2022	203,541
2023	43,010
2024	11,079
2025	6,866
Thereafter	<u>194,277</u>
	<u>\$ 527,859</u>

### **NOTE 11 – RESTRICTIONS ON NET ASSETS**

As discussed in Notes 10 and 13, the restrictions on net assets of \$200,000 relate to contract income recognized as part of a loan agreement with the Terrebonne Parish Consolidated Government (\$75,000) and Affordable Housing Program grants (\$125,000). These restrictions will be satisfied by compliance with certain requirements included in the agreements.

**Options for Independence, Inc.**

Notes to Financial Statements  
For the Year Ended June 30, 2020

**NOTE 12 – GOVERNMENTAL GRANTS**

During the year ended June 30, 2020, 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 Children and Family Services	\$ 328,955
Department of Health and Hospitals -	
Office of Public Health -	
Nutrition Health Educators	42,064
U.S. Department of Housing and Urban Development	92,715
U.S. Small Business Administration - Economic Injury Disaster Loan	10,000
Lafourche Parish School Board	7,064
South Central Louisiana Human Services Authority	6,403
Louisiana Rehabilitation Services	5,345
Houma City Court	3,225
	<u>\$ 495,771</u>

**NOTE 13 – OTHER FUNDING**

During the year ended June 30, 2020, the Organization received other funding from the following sources:

Federal Home Loan Bank of Dallas - Affordable Housing Program	\$ 125,000
MacDonell United Methodist Children's Services	9,486
Functional Family Therapy	4
	<u>\$ 134,490</u>

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, creating considerable monthly rental income for the Organization. Under the terms of the grant, if certain program guidelines are met, these funds are not subject to repayment. During the year ended June 30, 2020, the Organization received direct subsidies of \$125,000 under this program.



## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2020

### **NOTE 14 – OPERATING LEASES**

The Organization leases the main premises from which it operates from an unrelated third party under a written agreement dated April 9, 2015. The agreement expires on March 31, 2021. The agreement requires monthly lease payments of \$4,125. The total expense under this lease for the year ended June 30, 2020 is \$49,500.

The Organization leases a building known as Hooper Cottage from which it operates the Hooper Dorm program from an unrelated third party under a written agreement dated April 9, 2015. This agreement expires on March 31, 2021. The agreement requires monthly payments of \$4,125. The total expense under this lease for the year ended June 30, 2020 is \$49,500.

The Organization leased three copiers under non-cancelable leases for sixty months which required monthly lease payments totaling \$897. These leases expired on September 2, 2019. The total expense under these leases for the year ended June 30, 2020 is \$2,691.

The Organization leased eight motor vehicles under non-cancelable leases for 36 months which required base monthly lease payments ranging from \$289 to \$493, excluding sales taxes. The total expense under these leases for the year ended June 30, 2020 is \$19,152.

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

June 30,	
2021	\$ 95,199
2022	20,949
2023	<u>1,746</u>
	<u>\$ 117,894</u>

### **NOTE 15 – 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 matched one-half of employee contributions up to 3% of the participants' annual payroll through March 31, 2018. The match was suspended April 1, 2018. There were no employer contributions to the plan during the year ended June 30, 2020.

## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2020

### **NOTE 16 – 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, 2020, the Organization paid \$73,434 for these services. This amount is included in professional fees on the accompanying Statement of Functional Expenses.

### **NOTE 17 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of June 30, 2020, 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	\$ 613,571
Less those unavailable for general expenditures within one year:	
Amounts payable for current maturities of long-term debt	(69,086)
Amounts payable for note payable	(150,000)
Prepaid expenses	<u>(20,233)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 374,252</u>

### **NOTE 18 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 15, 2020, 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.

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.

**Options for Independence, Inc.**

Notes to Financial Statements  
For the Year Ended June 30, 2020

**NOTE 18 – SUBSEQUENT EVENTS (Cont.)**

Maturities of this loan are as follows:

<u>June 30,</u>	
2021	\$ 1,667
2022	2,500
2023	2,500
2024	2,500
2025	2,500
Thereafter	<u>63,333</u>
	<u>\$ 75,000</u>

**SUPPLEMENTAL INFORMATION**

**Options for Independence, Inc.**

Schedule of Compensation, Benefits, and  
Other Payments to the Executive Director  
For the Year Ended June 30, 2020

**Agency Head Name:** Barry Chauvin, Executive Director

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 83,334
Travel	484
Benefits - insurance	204
Reimbursements	145
Benefits - retirement	-
Membership fees	-
Special meals	-
Benefits - other	-
Cell phone	-
Conference travel	-
Registration fees	-
Per diem	-
Dues	-
Unvouchered expenses	-
Deferred compensation	-
Car allowance/automobile expense	-
Service fees	-
Vehicle provided by government	-
Housing	-

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

**SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits 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, 2020, 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 15, 2020.

**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 audit 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

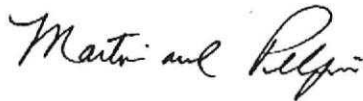
our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Houma, Louisiana  
December 15, 2020



**OTHER INFORMATION**

## **Options for Independence, Inc.**

### **Schedule of Findings and Responses For the Year Ended June 30, 2020**

#### **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  
For the Year Ended June 30, 2020

Note: All prior findings relate to the June 30, 2019 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.