

Options for Independence, Inc.

Financial Statements
and Independent Auditor's Report
June 30, 2019

Options for Independence, Inc.

Financial Statements and Independent Auditor's Report As of and for the Year Ended June 30, 2019

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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, 2019, 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

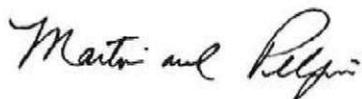
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Options for Independence, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally 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 15 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 10, 2019, 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 10, 2019

FINANCIAL STATEMENTS

Options for Independence, Inc.

Statement of Financial Position
June 30, 2019

ASSETS

Current assets:

Cash and cash equivalents	\$	13,802
Promises to give		110,121
Medicaid receivable		247,373
Other receivable		1,422
Prepaid expenses		15,096
Related party receivable		75,121
Total current assets		462,935

Property and equipment, net of accumulated depreciation of \$126,255		66,094
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Other assets:

Deposits		1,335
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TOTAL ASSETS	\$	530,364
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LIABILITIES AND NET ASSETS

Current liabilities:

Line of credit	\$	596,139
Accounts payable		83,313
Accrued payroll and related liabilities		38,957
Deferred revenue		37,074

TOTAL LIABILITIES		755,483
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Net assets:

Without donor restrictions		(225,119)
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TOTAL LIABILITIES AND NET ASSETS	\$	530,364
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See accompanying notes.

Options for Independence, Inc.

Statement of Activities
For the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>
REVENUES AND OTHER SUPPORT	
Medicaid service fees	\$ 1,583,252
Governmental grants	829,650
In-kind donations	45,000
Supportive services	37,283
Donations	35,237
Housing contractor fees and other related revenue	29,151
Other funding	23,503
Other income	12,945
	<hr/>
TOTAL REVENUES AND OTHER SUPPORT	2,596,021
	<hr/>
FUNCTIONAL EXPENSES	
Program services	
Clinical expenses	1,425,611
Hooper dorm	529,277
Community supports	217,934
Total program services	<hr/> 2,172,822
Management and general	<hr/> 333,203
	<hr/>
TOTAL FUNCTIONAL EXPENSES	2,506,025
	<hr/>
INCREASE IN NET ASSETS	89,996
NET ASSETS, BEGINNING OF PERIOD	<hr/> (315,115)
NET ASSETS, END OF PERIOD	<hr/> \$ (225,119)

See accompanying notes.

Options for Independence, Inc.

Statement of Functional Expenses For the Year Ended June 30, 2019

	PROGRAM SERVICES			Management and General	Total
	Clinical Expenses	Hooper Dorm	Community Supports		
Salaries and wages	\$ 820,359	\$ 350,060	\$ 145,843	\$ 143,279	\$ 1,459,541
Professional fees	294,354	8,726	3,260	41,444	347,784
Payroll taxes	65,019	28,774	11,262	13,380	118,435
Rent	-	49,500	-	49,500	99,000
Direct aid	-	17,173	40,618	1,200	58,991
Insurance - health	40,472	4,801	6,969	6,305	58,547
Training and education	43,095	5,205	177	4,402	52,879
Insurance - general	36,838	7,681	2,743	2,991	50,253
Supplies	14,323	18,682	553	5,129	38,687
Travel	33,397	737	520	3,980	38,634
Insurance - workers' compensation	19,567	8,138	3,481	6,857	38,043
Interest	-	-	-	35,921	35,921
Lease - automobile	14,409	11,770	-	-	26,179
Phone	14,497	3,238	944	712	19,391
Automobile expense	8,443	4,999	-	118	13,560
Lease - copier	7,663	1,515	571	118	9,867
Advertising	5,794	803	169	870	7,636
Utilities	4,741	2,056	353	63	7,213
Dues and subscriptions	1,410	373	105	5,005	6,893
Miscellaneous	-	4,803	-	1,333	6,136
Bank charges	-	-	-	4,742	4,742
Penalties	-	-	-	2,325	2,325
Depreciation	-	-	-	2,253	2,253
Postage	1,006	199	102	22	1,329
Stipends	-	-	-	900	900
Repairs and maintenance	224	44	264	3	535
Office equipment	-	-	-	351	351
Total	\$ 1,425,611	\$ 529,277	\$ 217,934	\$ 333,203	\$ 2,506,025

See accompanying notes.

Options for Independence, Inc.

Statement of Cash Flows
For the Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 89,996
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Depreciation	2,253
In-kind donation of land	(45,000)
(Increase)/decrease in operating assets:	
Promises to give	(31,471)
Medicaid receivable	(51,028)
Other receivable	1,686
Prepaid expenses	9,593
Increase/(decrease) in operating liabilities:	
Accounts payable	(33,996)
Accrued payroll and related liabilities	12,337
Deferred revenue	(8,000)

NET CASH USED IN OPERATING ACTIVITIES (53,630)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(31,722)
Proceeds from sale of property	16,735

NET CASH USED IN INVESTING ACTIVITIES (14,987)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayments from affiliate, net	24,921
Repayments of line of credit, net of advances	(2,007)

NET CASH PROVIDED BY FINANCING ACTIVITIES 22,914

NET DECREASE IN CASH AND CASH EQUIVALENTS (45,703)

BEGINNING CASH AND CASH EQUIVALENTS 59,505

ENDING CASH AND CASH EQUIVALENTS \$ 13,802

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid during the year for interest	<u>\$ 35,921</u>
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See accompanying notes.

Options for Independence, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2019

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, 2019

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, 2019 was \$2,253. 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 \$7,636 for the year ended June 30, 2019.
- 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, 2019

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 August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has presented the financial statements accordingly.

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, and accounts payable. Management estimates that the fair value of all financial instruments as of June 30, 2019, 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 2017 tax return was filed appropriately. As of December 2019, the Organization had not filed its 2018 tax return as the filing due date had been extended to May 15, 2020. 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 2015 to 2018. 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. 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.

Options for Independence, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 5 – PROMISES TO GIVE

As of June 30, 2019, promises to give consist of the following:

State of Louisiana -	
Department of Children and Family Services	\$ 83,898
Department of Health and Hospitals -	
Office of Public Health -	
Nutrition Health Educators	11,737
Louisiana Commission on Law Enforcement and	
Administration of Criminal Justice -	
Juvenile Justice and Delinquency Prevention	1,614
U.S. Department of Housing and Urban Development	9,328
Lafourche Parish School Board	3,544
	<u>\$ 110,121</u>

NOTE 6 – RELATED PARTY RECEIVABLE

Options for Affordable Housing (OAH), a Louisiana non-profit organization, is related to Options for Independence (OFI) as certain individuals provide management to both organizations. OAH constructs single-family residences for sale 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, 2019. 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, 2019, OAH provided OFI \$37,283 in supportive services. As of June 30, 2019, OAH owes a total of \$75,121 to OFI for these supportive services.

NOTE 7 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment follows:

	July 1, 2018	Additions	Retirements	June 30, 2019
Furniture and fixtures	\$ 125,311	\$ -	\$ -	\$ 125,311
Storage shed	7,051	-	-	7,051
Land	-	45,000	-	45,000
Construction in process	-	31,722	(16,735)	14,987
	132,362	76,722	(16,735)	192,349
Accumulated depreciation	(124,002)	(2,253)	-	(126,255)
Net property and equipment	<u>\$ 8,360</u>	<u>\$ 74,469</u>	<u>\$ (16,735)</u>	<u>\$ 66,094</u>

Options for Independence, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 7 – PROPERTY AND EQUIPMENT (Cont.)

Construction in progress consists of the building of houses as discussed in Note 6. The completed houses were sold to Options for Affordable Housing, a related party, at cost.

NOTE 8 – LINES 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 (5.50% as of June 30, 2019) 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 November 17, 2019, when all outstanding principal and interest is due. As of June 30, 2019, the Organization has an outstanding balance of \$596,139 on this 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 February 1, 2019, includes a borrowing limit of \$25,000, an interest rate of Wall Street Journal prime plus 1.00 percentage point (6.50% as of June 30, 2019) on outstanding balances, is secured by real estate, and matures on February 1, 2020, when all outstanding principal and interest is due. As of June 30, 2019, the Organization has no balance due on this line of credit.

NOTE 9 – GOVERNMENTAL GRANTS

During the year ended June 30, 2019, 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	\$ 607,511
Department of Health and Hospitals -	
Office of Public Health -	
Nutrition Health Educators	88,021
Louisiana Commission on Law Enforcement and	
Administration of Criminal Justice -	
Juvenile Justice and Delinquency Prevention	6,652
U.S. Department of Housing and Urban Development	97,731
Lafourche Parish School Board	21,470
Houma City Court	8,265
	<u>\$ 829,650</u>

Options for Independence, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 10 – 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, 2019 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, 2019 is \$49,500.

The Organization leases three copiers under non-cancelable leases for sixty months which required monthly lease payments totaling \$897. These leases expire on September 2, 2019. The total expense under these leases for the year ended June 30, 2019 is \$9,867.

The Organization leased seven motor vehicles under non-cancelable leases for periods ranging from 24 to 36 months which required base monthly lease payments ranging from \$289 to \$499, excluding sales taxes. The total expense under these leases for the year ended June 30, 2019 is \$26,179.

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

<u>June 30,</u>	
2020	\$ 114,687
2021	80,163
2022	<u>493</u>
	<u>\$ 195,343</u>

NOTE 11 – 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. Employer contributions to the plan were \$0 for the year ended June 30, 2019.

Options for Independence, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 12 – COMMITMENTS

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, 2019, the Organization paid \$77,545 for these services. This amount is included in professional fees on the accompanying Statement of Functional Expenses.

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.

NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2019, 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	\$ 462,935
Less those unavailable for general expenditures within one year:	
Donor restrictions for specific purposes	<u> -</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 462,935</u>

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 10, 2019, 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 September 16, 2019, the Organization renewed the revolving line of credit discussed in Note 8. The agreement includes a borrowing limit of \$600,000, an interest rate of Wall Street Journal prime on outstanding balances, is secured by all accounts and general intangibles, and matures on November 17, 2020.

On August 1, 2019, Options for Independence entered into a simple finance agreement with a local dealership for a used vehicle. The agreement includes an amount financed of \$23,012, an interest rate of 6.92%, and a maturity date of August 15, 2024.

Options for Independence, Inc.

Notes to Financial Statements
For the Year Ended June 30, 2019

NOTE 14 – SUBSEQUENT EVENTS (Cont.)

Maturities of this loan are as follows:

<u>June 30,</u>	
2020	\$ 3,253
2021	4,237
2022	4,540
2023	4,865
2024	5,212
2025	<u>905</u>
	<u>\$ 23,012</u>

In August 2019, Options for Independence entered into three closed-end operating leases for vehicles. The written leases are 36 months and require monthly lease payments totaling \$1,253.

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

<u>June 30,</u>	
2020	\$ 13,783
2021	15,036
2022	15,036
2023	<u>1,253</u>
	<u>\$ 45,108</u>

SUPPLEMENTAL INFORMATION

Options for Independence, Inc.

Schedule of Compensation, Benefits, and
Other Payments to the Executive Director
For the Year Ended June 30, 2019

Agency Head Name: Barry Chauvin, Executive Director

Purpose	Amount
Salary	\$ 66,669
Reimbursements	343
Benefits - insurance	119
Benefits - retirement	-
Membership fees	-
Special meals	-
Travel	-
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

**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 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, 2019, 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 10, 2019.

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) to determine the 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 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

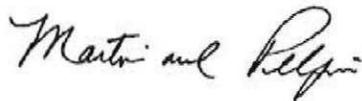
our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. This report is intended solely for the information and use of the Board of Directors, management, others within the Organization, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Houma, Louisiana
December 10, 2019

OTHER INFORMATION

Options for Independence, Inc.

Schedule of Findings and Responses
Year Ended June 30, 2019

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, 2019

Note: All prior findings relate to the June 30, 2018 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.

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

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

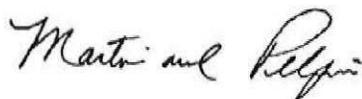
We have performed the procedures enumerated below, which were agreed to by the management of Options for Independence, Inc. (the Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Organization's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are described on pages 21-34.

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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 Louisiana Legislative Auditor as a public document.



Houma, Louisiana
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Options for Independence, Inc.

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Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
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The required procedures and our findings are as follows:

Written Policies and Procedures

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

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

Performance: Obtained and inspected the written policy for budgeting.

Exceptions: The written policy does not specifically address adopting, monitoring, and amending the budget. The policy states that the Chief Executive Officer is to develop the budget for programs with input from staff. A separate policy states that the annual budget is the responsibility of the governing body.

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

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

Performance: Inquired management of its written policy for purchasing.

Exceptions: The Organization does not have written purchasing policies.

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

c) Disbursements, including processing, reviewing, and approving

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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For the Year Ended June 30, 2019

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked

Performance: Obtained and read the written policy for payroll and personnel and found it contained all listed requirements, except as noted below.

Exceptions: Leave and overtime worked were not addressed in the policy.

Management's response: Management will consider adding a section to the policy regarding leave and overtime.

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

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

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

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

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

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

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

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Options for Independence, Inc.

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

Performance: Obtained and read management's description of the disaster recovery/business continuity policy and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Performance: Determined that the board is to meet twice per calendar year per the Organization's by-laws. Obtained and read the written minutes of board meetings and determined the board meeting frequency.

Exceptions: The board only met once in 2018. They will have to meet in December 2019 to meet the requirement for 2019.

Management's response: The board will meet twice per calendar year.

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

Performance: Inspected the board meeting minutes to determine whether they referenced or included financial activity relating to public funds.

Exceptions: Public funds, including those from the Department of Children and Family Services, were not specifically discussed.

Management's response: These funds will be discussed at future meetings.

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Schedule of Procedures and Associated Findings of the
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Bank Reconciliations

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

Performance: Obtained the listing of bank accounts from management, including the main operating account, and received management's representation in a separate letter. Obtained and inspected the corresponding bank statement and reconciliation for each account from one month.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected bank reconciliations to determine if they were prepared within two months of the related statement closing date.

Exceptions: The June 2019 bank reconciliations were reconciled in September 2019.

Management's response: Management will ensure that the bank statements are reconciled in a timely manner.

- 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

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

Exceptions: While the bank reconciliations are prepared by an outside accountant, the initials of management were not found on the June 2019 bank reconciliations showing proof of management's review.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Collections (excluding EFTs)

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: While the separation of duties is in place, it is not included in written policy.

Management's response: Those who collect cash do not record collections. Management will consider adding this wording to the written policy.

- 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.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Performance: Inspected policy manuals and inquired of client to determine if employees with access to cash are covered by a bond or insurance policy.

Exceptions: Each employee that is responsible for collecting cash is not bonded or covered by insurance.

Management's response: Management will consider adding the cash-receiving employees to the list of bonded employees.

7. Randomly select two deposit dates for each of the 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

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Schedule of Procedures and Associated Findings of the
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select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the deposits selected and:

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected deposits from two random deposit dates to determine if they had sequentially pre-numbered receipts, system reports, and other collection documentation that agreed to the respective deposit slips.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).

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

Exceptions: One check and one cash deposit were not deposited within one business day of receipt.

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

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

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

Exceptions: There were no exceptions noted.

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For the Year Ended June 30, 2019

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Options for Independence, Inc.

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Schedule of Procedures and Associated Findings of the
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Performance: Inspected policy and inquired of management as to separation of duties when setting up vendor files.

Exceptions: Those responsible for recording payments in the accounting system also add vendors to the disbursements system.

Management's response: These duties will be separated when the benefit of doing so exceeds the cost.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter. Randomly selected five disbursements using a random number generator for check numbers to test the requirements below.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Observe that the disbursement matched the related original invoice/billing statement.

Performance: Determined that the five random disbursements matched their respective original invoices.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

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

Exceptions: Three of the five disbursements did not show documented proof of the segregation of duties.

Options for Independence, Inc.

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Schedule of Procedures and Associated Findings of the

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For the Year Ended June 30, 2019

Management's response: Management will document proof of the segregation of duties on future disbursements.

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

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Observed written approvals of credit card transactions. Determined that management reviews all transactions and then traces each transaction to the back-up that is provided by the person incurring charge. Determined that two signatures on each credit card payment serves as adequate approval of credit card transactions.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: While there were no finance charges on the five credit cards

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randomly selected, it was noted that the Executive Director's credit card, which was combined on the statement with other credit cards, had a finance charge and late fee.

Management's response: Management will implement a system to ensure they are paying their credit card bills in a timely manner so that there are no finance charges or late fees.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

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

Performance: Determined that the procedures under #14 could be excluded as the Organization did not have any exceptions in the Travel and Travel-Related Reimbursements category in Year 1 and were thereby exempt in Year 2.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law.
- c) If the contract was amended, observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Determined that the procedures under #15 could be excluded as the Organization did not have any exceptions in the Contracts category in Year 1 and were thereby exempt in Year 2.

Payroll and Personnel

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

Performance: Observed the listing of employees and received management's representation of completeness in a separate letter. Obtained the personnel files of five randomly selected employees to determine if each employee's paid salary

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agreed to the authorized salary/pay per the personnel file.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Randomly selected one pay period to test leave taken during that period. Inspected all daily attendance and leave records for proper documentation.

Exceptions: Three salaried employees were missing either all of their timesheets or portions of their timesheets.

Management's response: Management will ensure that timesheets are received before employees are paid.

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

Performance: Confirmed that attendance and leave records were reviewed and approved by the manager.

Exceptions: While all leave was approved of, three salaried employees were missing either all of their timesheets or portions of their timesheets. As such, there was no evidence of approval other than their actual paychecks.

Management's response: Management will ensure that timesheets are received and approved before employees are paid.

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

Performance: Inquired and confirmed that the Organization maintains written leave records for each employee eligible for paid leave.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Performance: Received representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Other

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

21. 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.

Performance: Inquired and observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.