

**Options for Independence, Inc.**

Financial Statements  
and Independent Auditor's Report  
June 30, 2017

# Options for Independence, Inc.

## Financial Statements and Independent Auditor's Report As of and for the Year Ended June 30, 2017

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**Martin  
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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, 2017, 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***

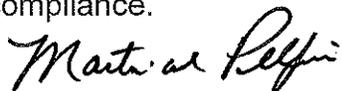
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Options for Independence, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally 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 29, 2017, 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 29, 2017

**FINANCIAL STATEMENTS**

**Options for Independence, Inc.**

Statement of Financial Position  
June 30, 2017

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 119,739
Promises to give	61,993
Medicaid receivable	162,313
Other receivable	2,702
Prepaid expenses	18,230
Related party receivable	112,404

Total current assets 477,381

Property and equipment, net of accumulated  
depreciation of \$121,344 193,723

Other assets:

Deposits 1,335

**TOTAL ASSETS** \$ 672,439

**LIABILITIES AND NET ASSETS**

Current liabilities:

Line of credit	\$ 501,782
Accounts payable	39,054
Due to other	3,056
Accrued payroll and related liabilities	29,220
Deferred revenue	37,074
Notes payable	204,922

**TOTAL LIABILITIES** 815,108

Net assets:

Unrestricted (142,669)

**TOTAL LIABILITIES AND NET ASSETS** \$ 672,439

See accompanying notes.

Options for Independence, Inc.

Statement of Activities  
For the Year Ended June 30, 2017

	<u>Unrestricted</u>
<b>REVENUES AND OTHER SUPPORT</b>	
Medicaid service fees	\$ 1,602,700
Governmental grants	646,354
Deepwater Horizon settlement	332,403
Supportive services	46,866
Other income	36,379
Other funding	13,580
Donations	9,446
	<hr/>
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>2,687,728</b>
	<hr/>
<b>FUNCTIONAL EXPENSES</b>	
Program services	
Clinical Expenses	1,543,238
Hooper Dorm	371,341
Community Supports	109,857
Community Options	83,985
Health and Wellness	76,250
Options for Youth	32,347
Total program services	<hr/> 2,217,018
Management and general	<hr/> 417,233
	<hr/>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>2,634,251</b>
	<hr/>
<b>INCREASE IN NET ASSETS</b>	<b>53,477</b>
<b>NET ASSETS, BEGINNING OF PERIOD</b>	<hr/> <b>(196,146)</b>
<b>NET ASSETS, END OF PERIOD</b>	<hr/> <b>\$ (142,669)</b>

See accompanying notes.

## Options for Independence, Inc.

### Statement of Functional Expenses For the Year Ended June 30, 2017

	PROGRAM SERVICES						Management and General	Total
	Clinical Expenses	Hooper Dorm	Community Supports	Community Options	Health and Wellness	Options for Youth		
Salaries and wages	\$ 879,293	\$ 224,923	\$ 52,699	\$ 73,635	\$ 67,752	\$ 22,835	\$ 198,924	\$ 1,520,061
Professional fees	223,601	8,813	3,862	200	-	-	66,561	303,037
Medicaid billing fees	158,413	-	-	-	-	-	-	158,413
Payroll taxes	69,825	19,942	4,094	5,841	5,310	1,574	15,640	122,226
Rent	8,125	43,649	605	47	-	-	31,617	84,043
Insurance - general	35,634	7,835	2,655	170	-	-	9,520	55,814
Insurance - health	33,256	1,906	204	2,280	1,563	745	12,041	51,995
Supplies	15,437	20,895	847	43	-	1,994	12,031	51,247
Direct aid	-	11,579	30,337	-	-	-	150	42,066
Training and education	20,399	6,666	102	-	38	-	5,277	32,482
Lease - automobile	16,776	10,632	-	-	-	-	-	27,408
Phone	21,553	2,901	995	52	-	-	550	26,051
Travel	23,393	428	310	214	-	210	659	25,214
Interest	-	-	-	-	-	-	23,195	23,195
Retirement plan contributions	8,775	980	1,530	733	1,578	185	5,195	18,976
Insurance - workers' compensation	5,111	1,506	328	457	9	269	10,715	18,395
Lease - copier	8,336	1,647	621	36	-	-	124	10,764
Management fees	-	-	10,156	-	-	-	-	10,156
Utilities	5,762	2,172	418	24	-	-	593	8,969
Advertising	1,019	499	-	-	-	-	6,502	8,020
Automobile	5,941	1,194	-	-	-	-	303	7,438
Repairs and maintenance	447	2,035	-	250	-	-	2,582	5,314
Miscellaneous	412	565	-	-	-	-	3,735	4,712
Drug screening	-	-	-	-	-	4,535	-	4,535
Depreciation	-	-	-	-	-	-	3,594	3,594
Bank charges	-	-	-	-	-	-	3,516	3,516
Dues and subscriptions	753	381	21	-	-	-	2,300	3,455
Office equipment	-	-	-	-	-	-	1,800	1,800
Postage	977	193	73	3	-	-	60	1,306
Penalties	-	-	-	-	-	-	49	49
<b>Total</b>	<b>\$ 1,543,238</b>	<b>\$ 371,341</b>	<b>\$ 109,857</b>	<b>\$ 83,985</b>	<b>\$ 76,250</b>	<b>\$ 32,347</b>	<b>\$ 417,233</b>	<b>\$ 2,634,251</b>

See accompanying notes.

**Options for Independence, Inc.**

Statement of Cash Flows  
For the Year Ended June 30, 2017

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ 53,477
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	3,594
(Increase)/decrease in operating assets:	
Promises to give	8,143
Medicaid receivable	55,259
Other receivable	6,490
Prepaid expenses	(2,884)
Increase/(decrease) in operating liabilities:	
Accounts payable	20,205
Accrued payroll and related liabilities	(8,217)
Deferred revenue	(1,973)

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 134,094

**CASH FLOWS USED IN INVESTING ACTIVITIES**

Purchases of property and equipment	<u>(185,761)</u>
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayments from affiliate, net	109,745
Repayments of line of credit, net of advances	(97,789)
Proceeds from notes payable	204,937
Principal payments of notes payable	<u>(126,151)</u>

**NET CASH PROVIDED BY FINANCING ACTIVITIES** 90,742

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 39,075

**BEGINNING CASH AND CASH EQUIVALENTS** 80,664

**ENDING CASH AND CASH EQUIVALENTS** \$ 119,739

**SUPPLEMENTAL CASH FLOW INFORMATION**

Cash paid during the year for interest	<u><u>\$ 23,195</u></u>
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See accompanying notes.

## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2017

### **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:

Children's Services – 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.

Adult Services – The Organization offers community based services in the areas of mental health, employment, and disaster recovery. Mental health services include case management, life skills training, counseling, homeless outreach and supported living services. Employment services include vocational evaluations, job placement, work readiness training and school-to-work transition services. Disaster recovery services include crisis counseling, stress management, community outreach, and resource linkage.

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

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

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

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

## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2017

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

- 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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- 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, 2017 was \$3,594. 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:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2017

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

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by Options for Independence, Inc. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

- 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 \$8,020 for the year ended June 30, 2017.
- 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.
- 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.

### **NOTE 2 – PROMISES TO GIVE**

As of June 30, 2017, promises to give consist of the following:

State of Louisiana -	
Department of Children and Family Services	\$ 30,779
Department of Health and Hospitals -	
Office of Public Health -	
Nutrition Health Educators	15,343
South Central Louisiana Human Services Authority -	
Community Psychiatric Support and Treatment	732
Louisiana Commission on Law Enforcement and Administration	
of Criminal Justice -	
Juvenile Justice and Delinquency Prevention	7,816

## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2017

### **NOTE 2 – PROMISES TO GIVE (Cont.)**

U.S. Department of Housing and Urban Development	6,648
Houma City Court	<u>675</u>
	<u>\$ 61,993</u>

### **NOTE 3 – PROPERTY AND EQUIPMENT**

A summary of changes in property and equipment follows:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Furniture and fixtures	\$ 122,255	\$ 3,056	\$ -	\$ 125,311
Storage shed	7,051	-	-	7,051
Construction in process	-	182,705	-	182,705
	129,306	185,761	-	315,067
Accumulated depreciation	(117,750)	(3,594)	-	(121,344)
Net property and equipment	<u>\$ 11,556</u>	<u>\$ 182,167</u>	<u>\$ -</u>	<u>\$ 193,723</u>

Construction in progress as of June 30, 2017 consists of the building of houses as discussed in Note 12.

### **NOTE 4 – 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, 2016, includes a borrowing limit of \$600,000, an interest rate of Wall Street Journal prime (4.25% as of June 30, 2017) 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, 2017, when all outstanding principal and interest is due. As of June 30, 2017, the Organization has an outstanding balance of \$501,782 on this line of credit.

### **NOTE 5 – NOTES PAYABLE**

The Organization has a short-term note payable to a local bank dated February 7, 2017. The note includes an interest rate of 5.5% on outstanding balances and is secured by the real estate construction detailed in Note 12. Monthly interest payments are due with final payment on all outstanding principal and interest due on February 17, 2018. The outstanding balance on this note is \$125,165 as of June 30, 2017.

**Options for Independence, Inc.**

Notes to Financial Statements  
For the Year Ended June 30, 2017

**NOTE 5 – NOTES PAYABLE (Cont.)**

The Organization has a short-term note payable to a local bank dated April 12, 2017. The note includes an interest rate of 5.5% on outstanding balances and is secured by the real estate construction detailed in Note 12. Monthly interest payments are due with final payment on all outstanding principal and interest due on April 12, 2018. The outstanding balance on this note is \$79,757 as of June 30, 2017.

**NOTE 6 – GOVERNMENTAL GRANTS**

During the year ended June 30, 2017, 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	\$ 348,283
Department of Health and Hospitals -	
Office of Public Health -	
Nutrition Health Educators	90,975
South Central Louisiana Human Services Authority -	
Community Psychiatric Support and Treatment	1,041
Louisiana Commission on Law Enforcement and Administration of Criminal Justice -	
Juvenile Justice and Delinquency Prevention	24,664
Terrebonne Parish Consolidated Government	86,665
U.S. Department of Housing and Urban Development	77,805
Houma City Court	12,450
Louisiana Clinical Services, Inc./Access to Recovery	<u>4,471</u>
	<u>\$ 646,354</u>

## Options for Independence, Inc.

Notes to Financial Statements  
For the Year Ended June 30, 2017

### **NOTE 7 – OPERATING LEASES**

The Organization subleases the main premises from which it operates from an unrelated third party under a written agreement dated April 9, 2015. The agreement, which ends on March 31, 2018, requires monthly lease payments of \$3,500. The total expense under this lease for the year ended June 30, 2017 is \$42,000.

The Organization subleases 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 may be extended for periods of two years and will terminate on March 31, 2018. The agreement requires monthly payments of \$3,500. The total expense under this lease for the year ended June 30, 2017 is \$42,000.

The Organization currently leases three copiers under non-cancelable leases for sixty months which require monthly lease payments totaling \$897. These leases expire on September 2, 2019. The total expense under these leases and previous copier leases that have expired for the year ended June 30, 2017 is \$10,764.

The Organization currently leases six motor vehicles under non-cancelable leases for periods ranging from 24 to 36 months which require base monthly lease payments ranging from \$289 to \$499, excluding sales taxes. The total expense under these leases and previous automobile leases for the year ended June 30, 2017 is \$27,408.

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

<u>June 30,</u>	
2018	\$ 94,683
2019	25,752
2020	<u>3,898</u>
	<u>\$ 124,333</u>

### **NOTE 8 – 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, 2017, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

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

Notes to Financial Statements  
For the Year Ended June 30, 2017

### **NOTE 9 – 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 one financial institution located in Louisiana. The Federal Deposit Insurance Corporation (FDIC) insures the balances up to \$250,000 at this institution. The Organization exceeded federally insured limits at times during the year; however, the Organization's deposits were fully insured on June 30, 2017.

### **NOTE 10 – 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 matches one-half of employee contributions up to 3% of the participants' annual payroll. Employer contributions to the plan were \$18,976 for the year ended June 30, 2017.

### **NOTE 11 – UNCERTAIN INCOME TAXES**

The Organization's 2015 tax return was filed appropriately. As of December 2017, the Organization had not filed its 2016 tax return as the filing due date had been extended to February 15, 2018. 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 2013 to 2016. 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 12 – 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 has entered into short-term notes payable to finance a portion of such construction costs. As of and for the year ended June 30, 2017, OFI recognized management fees of \$10,156 and has two short-term notes payable totaling \$204,922 related to this arrangement.

**Options for Independence, Inc.**

Notes to Financial Statements  
For the Year Ended June 30, 2017

**NOTE 12 – RELATED PARTY RECEIVABLE (Cont.)**

OFI received a grant for the Visions Program during the year ended June 30, 2017. 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, 2017, OAH provided OFI \$46,866 in supportive services. As of June 30, 2017, OAH owes a total of \$112,404 to OFI for these supportive services.

**NOTE 13 – MEDICAID BILLING FEES**

Options for Independence, Inc. pays a 10% fee to a third-party billing company for services related to the billing and collection of Medicaid service fees. The amount paid under this agreement for the year ended June 30, 2017 totaled \$158,413.

**NOTE 14 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 29, 2017, 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 July 28, 2017, the Organization entered into a non-cancelable lease for a vehicle. Monthly payments of \$490 are due with the final payment due on June 28, 2020.

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

<u>June 30,</u>	
2018	\$ 5,880
2019	5,880
2020	5,880
	<u>\$ 17,640</u>

On September 22, 2017, the Organization renewed the revolving line of credit discussed in Note 4. 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 a term life insurance policy on the Organization's Executive Director's life, and matures on November 17, 2018.

**SUPPLEMENTAL INFORMATION**

**Options for Independence, Inc.**

Schedule of Compensation, Benefits, and  
Other Payments to the Executive Director  
For the Year Ended June 30, 2017

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

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 91,666
Benefits - retirement	2,588
Benefits - insurance	204
Travel	-
Benefits - other	-
Cell phone	-
Conference travel	-
Registration fees	-
Special meals	-
Reimbursements	-
Per diem	-
Dues	-
Unvouchered expenses	-
Membership fees	-
Deferred compensation	-
Car allowance/automobile expense	-
Service fees	-
Vehicle provided by government	-
Housing	-

This form is used to satisfy the reporting requirements of R.S.  
24:513(A)(3).

**SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

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and  
Pellegrin**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits 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, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2017.

**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

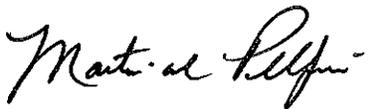
our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 29, 2017

OTHER INFORMATION

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

### **Schedule of Findings and Responses Year Ended June 30, 2017**

#### **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, 2017

Note: All prior findings relate to the June 30, 2016 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  
Pellegrin**

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

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

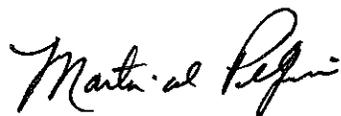
We have performed the procedures enumerated below, which were agreed to by the management of Options for Independence, Inc. (the Organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. 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 21-38.

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  
December 29, 2017

**Options for Independence, Inc.**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2017

The required procedures and our findings are as follows:

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

1. Obtain the Organization's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

Performance: Inquired management of its 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, including receiving, recording, and preparing deposits

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Options for Independence, Inc.**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the  
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- 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 was 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.**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2017

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, 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: While the board met twice in 2017, it only met once in 2016.

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

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons.

Performance: Determined that budget-to-actual comparisons are reviewed.

Exceptions: There were no exceptions.

Management's response: Not applicable.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Performance: Inquired management of its written plan related to deficit spending.

Exceptions: The Organization does not have a written policy related to deficit spending.

Management's response: Management will consider drafting a written policy related to deficit spending.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Performance: Inspected the board meeting minutes for the fiscal year and noted non-budgetary financial information.

**Options for Independence, Inc.**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended June 30, 2017

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Performance: Inspected management's documentation for accuracy of bank reconciliations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.

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

Exceptions: While the person who prepares the bank reconciliation initials each bank reconciliation, there is no evidence that management or any board member has reviewed each bank reconciliation.

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

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Performance: Inspected documents for items outstanding for more than six months.

**Options for Independence, Inc.**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
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Exceptions: There were no exceptions noted.  
Management's response: Not applicable.

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.  
Management's response: Not applicable.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and (3) not required to share the same cash register or drawer with another employee.

Performance: Inspected policy manuals and inquired of client as to all of the requirements.

Exceptions: Each employee that is responsible for collecting cash is not bonded.  
Management's response: Management will consider adding the cash receiving employees to the list of bonded employees.

- b) Obtain existing written documentation and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Performance: Inspected policy manual, as well as, inquiries of management to ensure separation of duties.

Exceptions: There were no exceptions noted.  
Management's response: Not applicable.

**Options for Independence, Inc.**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the

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For the Year Ended June 30, 2017

c) Select the highest dollar week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Performance: Determined the highest dollar week of cash collections. Traced daily collections from that week to its supporting documentation and determined whether or not collections were deposited within 24 hours of receipt.

Exceptions: The Organization received cash of \$25 on December 30, 2016; however, it was not deposited until January 4, 2017. Support was missing for a deposit of \$503.

Management's response: The Organization will make cash deposits promptly.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Performance: Inspected sequentially numbered receipts, the journal of cash receipts, and deposit slips from the bank. Determined whether or not collections are supported by adequate documentation.

Exceptions: Support was missing for a deposit of \$503.

Management's response: This is an isolated incidence. Management does its best to ensure that all collections are supported by documentation.

7. Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

Performance: Inspected policy and inquired of management as to separation of duties.

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.

**Options for Independence, Inc.**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2017

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Performance: Randomly selected 25 disbursements using a random number generator for check numbers. Inquired of management as to requisition/purchase orders and how invoices are approved.

Exceptions: The Organization does not use a requisition/purchase order system.

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

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Performance: Inquired of management as to purchase approval process and reviewed purchase invoices.

Exceptions: Written purchase orders are not used. Persons who initiate purchases sometimes approve those purchases.

Management's response: Management will work towards separating the initiation and approval of the purchases functions.

- c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Performance: Inquired of management and observed approved invoices.

**Options for Independence, Inc.**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended June 30, 2017

Exceptions: Payments are processed without written purchase orders and receiving reports. Management approves invoices when they are received. All invoices are approved before payment is made.

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

10. Using entity documentation, report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Performance: Inspected policy and inquired of management as to separation of duties.

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.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Performance: Determined if those with signatory authority and/or those who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Exceptions: There is no separation of signatory authority/final authorization for disbursements from initiating or recording purchases.

Management's response: Management will consider separating these responsibilities.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management, as well as, observed where the supply of unused checks is held. Determined if those with signatory authority have system access to print checks.

Exceptions: Members of management with signatory authority have access to print checks.

Management's response: Management will consider separating these responsibilities.

**Options for Independence, Inc.**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the  
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For the Year Ended June 30, 2017

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Performance: Inquired of management as to whether there is a signature stamp or machine. Per management, there is no signature stamp or machine.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

15. Using the listing prepared by management, randomly select ten cards that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether 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: Obtained all monthly statements for the ten cards and observed the monthly statement with the largest dollar activity for each card in order to determine that supporting documentation was reviewed and approved.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Options for Independence, Inc.**

**Houma, Louisiana**

Schedule of Procedures and Associated Findings of the

Statewide Agreed-Upon Procedures

For the Year Ended June 30, 2017

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Performance: Traced all credit card payments and balances on the credit card statements to determine if any fees were applied to balances.

Exceptions: Two cards had interest/finance charges. One card had a 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 interest or late fees.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Performance: Traced each transaction to an original itemized receipt.

Exceptions: Seven transactions were missing the original itemized receipt.

Management's response: Management will include all itemized receipts with each credit card transaction.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Performance: Observed documentation of the purpose of each transaction.

Exceptions: Twenty-eight transactions did not include the business purpose. Meal charges included the general group of people participating, not individual names.

Management's response: Management will document the business/purpose on its transactions. Management will list the individuals participating for meal charges.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Performance: Management reviews all transactions and then traces each transaction to the back-up that is provided by the person incurring charge.

Exceptions: Seven original receipts were missing.

Management's response: Management will include all itemized receipts with each credit card transaction.

**Options for Independence, Inc.**

**Houma, Louisiana**

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- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Performance: Compared the transaction detail to the written disbursement policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions. If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Inspected all transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Performance: Obtained a list of all travel and related expense reimbursements.

Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

Performance: The Organization's policy states that an employee will be reimbursed \$51 per day for meals and \$0.51 per mile. The GSA rate for meals and incidental expenses totals \$51 per day. The mileage rate is \$0.535 per mile.

**Options for Independence, Inc.**

**Houma, Louisiana**

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Exceptions: There were no exceptions noted.

Management's response: Not applicable.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Performance: Selected the three employees who incurred the most travel costs during the period to further select the highest travel expenditure reimbursed. Compared expense documents to the applicable rates. Only mileage reimbursements were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased.

Performance: Traced mileage to request for reimbursement and mileage reports.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Options for Independence, Inc.**

**Houma, Louisiana**

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- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Performance: Inspected all documents provided for all travel reimbursements selected.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Performance: Considered whether the business/purpose of each transaction complied with Article 7, Section 14.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Inspected each expense reimbursement request to find approval by supervisors.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Options for Independence, Inc.**

**Houma, Louisiana**

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21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Performance: Obtained the listing of contract vendors. Inspected each written contract that supports the services arrangement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Performance: Determined that the Organization does not have to comply with the Public Bid Law or Procurement Code for any of the contracts in place.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Performance: Inspected contracts and inquired of client as to receipt of any other quotes.

Exceptions: The Organization did not receive additional quotes.

Management's response: The Organization will consider receiving quotes in the future if it is deemed necessary.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Performance: Determined that the contracts were not amended during the year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Performance: Inspected the invoice and compared to the written contract information. The invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete.

Performance: Observed the listing of employees with their related salaries from management and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Randomly select five employees, obtain their personnel files, and review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Performance: Compared compensation in the salary schedules with payments made to employees during the fiscal year. Reviewed salary/hourly amounts in personnel files.

Exceptions: Three of the five personnel files did not list the employees' most recent salary/hourly pay.

Management's response: Management will ensure that personnel files are up-to-date.

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- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Performance: Reviewed the personnel files to determine if changes were approved in writing and in accordance with written policy.

Exceptions: Instances were noted where pay rate changes were not approved in writing and in accordance with written policy.

Management's response: Management will ensure that all future changes are approved in writing and in accordance with written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees (or randomly select one-third of employees if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees that earn leave.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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24. Obtain from management a list of those employees that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Performance: Inquired and inspected list of employees that terminated during the period and received management's representation of completeness in a separate letter. No termination payments were made during the year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Performance: Inspected payroll reporting forms, as well as, EFT documentation to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

26. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation 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.

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

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

Exceptions: While the notice was posted on the premises, it was not posted on the website.

Management's response: Management will post the notice to the website.

28. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Performance: Inspected all procedures and the results of such procedures and compared them to management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.