

Options for Independence, Inc.

Financial Statements
and Independent Auditor's Report
June 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/24/10

Options for Independence, Inc.

Financial Statements and Independent Auditor's Report As of and for the Year Ended June 30, 2009 With Supplemental Information Schedule

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-14
Special Reports of Certified Public Accountants	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with <i>OMB</i> <i>Circular A-133</i>	17-18
Schedule of Expenditures of Federal Awards	19
Notes to Schedule of Expenditures of Federal Awards	20
Schedule of Findings and Questioned Costs	21
Schedule of Prior Findings and Resolution Matters	22

**Martin
and
Pellegrin**

103 Ramcy Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Options for Independence, Inc. (a nonprofit organization) as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

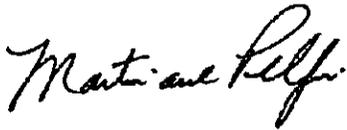
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2009 on our consideration of Options for Independence, Inc.'s internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Options for Independence, Inc.'s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "Martin and Kelly".

September 22, 2009

FINANCIAL STATEMENTS

Options for Independence, Inc.

**Statement of Financial Position
June 30, 2009**

ASSETS

Current assets:

Cash and cash equivalents	\$ 245,246
Grants receivable	360,035
Prepaid expenses	<u>26,975</u>

Total current assets 632,256

Property and equipment, net of accumulated depreciation
of \$112,412 75,837

Deposits 1,335

TOTAL ASSETS \$ 709,428

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 9,077
Lines of credit	224,386
Deferred revenue	176,974
Accrued payroll and related liabilities	25,566
Due to other	<u>11,833</u>

Total current liabilities 447,836

Net assets:

Unrestricted 261,592

TOTAL LIABILITIES AND NET ASSETS \$ 709,428

The accompanying notes are an integral part of this statement.

Options for Independence, Inc.

Statement of Activities
For the Year Ended June 30, 2009

	<u>Unrestricted</u>
REVENUES AND OTHER SUPPORT	
Program service fees	\$ 2,618,564
Miscellaneous income	61,660
Fundraising income	<u>10,588</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>2,690,812</u>
EXPENSES	
Program services	
Community Options	1,145,417
Options for Youth	810,347
Corporate Options	500,868
Staffing Solutions	22,273
Community Supports	<u>17,330</u>
Total program services	2,496,235
Management and general	161,223
Fundraising development	<u>52,460</u>
TOTAL EXPENSES	<u>2,709,918</u>
	(19,106)
Loss on disposal of property and equipment	<u>(8,067)</u>
DECREASE IN NET ASSETS	(27,173)
NET ASSETS, BEGINNING OF PERIOD	<u>288,765</u>
NET ASSETS, END OF PERIOD	<u><u>\$ 261,592</u></u>

The accompanying notes are an integral part of this statement.

Options for Independence, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2009

	PROGRAM SERVICES							Total
	Community Options	Options for Youth	Corporate Options	Staffing Solutions	Community Supports	Management and General	Fundraising Development	
Salaries & wages	\$ 592,731	\$ 468,115	\$ 109,490	\$ 5,000	\$ 13,884	\$ 96,274	\$ 23,000	\$ 1,308,494
Aid	566	-	300,042	-	-	-	-	300,608
Supplies	152,059	69,192	(4,614)	11,167	163	3,366	19,141	250,474
Rent	132,197	66,054	17,945	-	-	6,003	-	222,199
Payroll taxes	45,908	37,145	8,483	375	1,099	7,539	1,817	102,366
Travel	53,054	29,161	8,756	-	172	865	-	92,008
Accounting & professional	37,898	30,122	3,413	2,157	-	880	-	74,470
Training & education	5,263	19,090	29,818	-	132	1,876	2,704	58,683
Insurance - health	22,637	15,963	3,746	333	1,280	3,091	-	47,050
Insurance - general	20,956	20,254	4,452	-	-	-	-	45,662
Insurance - workers comp.	13,778	15,609	3,646	-	437	3,399	722	37,591
Phone	16,559	9,128	7,683	-	113	39	-	33,522
Depreciation	2,806	-	-	-	-	21,521	-	24,327
Miscellaneous	4,115	7,457	1,166	-	-	7,475	6	20,219
Repairs & maintenance	9,855	4,858	-	1,852	-	177	-	16,742
Utilities	13,180	323	-	-	-	-	-	13,503
Lease - copier	4,751	4,363	3,267	-	-	-	-	12,381
403(b) contributions	2,993	4,663	2,143	90	50	2,295	-	12,234
Interest	3,220	-	-	-	-	3,602	-	6,822
Auto	4,789	1,196	-	74	-	19	-	6,078
Lease - auto	-	4,765	-	-	-	-	-	4,765
Other	-	-	-	-	-	28	4,510	4,538
Advertising	2,909	726	705	-	-	-	-	4,340
Dues & subscriptions	1,138	835	268	1,225	-	676	-	4,142
Postage	2,039	1,328	459	-	-	8	-	3,834
Bank charges	-	-	-	-	-	1,588	-	1,588
Donations	-	-	-	-	-	391	560	951
Penalties	16	-	-	-	-	311	-	327
Total	\$ 1,145,417	\$ 810,347	\$ 500,868	\$ 22,273	\$ 17,330	\$ 161,223	\$ 52,460	\$ 2,709,918

The accompanying notes are an integral part of this statement.

Options for Independence, Inc.

Statement of Cash Flows
For the Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (27,173)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	24,327
Loss on disposal of property and equipment	8,067
Decrease in operating assets:	
Grants receivable	128,324
Prepaid expenses	76,085
Increase/(decrease) in operating liabilities:	
Accounts payable	(2,579)
Deferred revenue	76,914
Accrued payroll and related liabilities	(27,627)
Due to other	<u>11,833</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	268,171
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchases of equipment	(26,092)
CASH FLOWS USED IN FINANCING ACTIVITIES	
Payments on lines of credit, net	<u>(80,544)</u>
NET INCREASE IN CASH	161,535
BEGINNING CASH AND CASH EQUIVALENTS	<u>83,711</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 245,246</u></u>
SUPPLEMENTAL INFORMATION:	
Cash paid during the year for interest	<u><u>\$ 6,822</u></u>

The accompanying notes are an integral part of this statement.

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2009

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, and disaster recovery. Major programs 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.

Special Projects – In addition to regular services the Organization offers special projects in partnership with the Louisiana Department of Health and Hospitals and the Department of Social Services and other state agencies to support individuals and families with disabilities. These services include fiscal intermediary services for families and consultation and training on special projects.

Disaster Recovery – The economy of the region within which the Organization operates was severely impacted by Hurricanes Katrina and Rita. The Organization offers crisis counseling assistance and a recovery program for survivors of these hurricanes. This program ended December 31, 2008.

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. 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:

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2009

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

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.

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.

- D. **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.
- E. **Bad Debts** – The financial statements of Options for Independence, Inc. contain no allowance for uncollectible receivables as management considers all such receivables to be fully collectible. Uncollectible accounts are recognized as an expense at the time information becomes available that indicates the amounts are uncollectible.
- F. **Property and Equipment** – Property and equipment are stated at cost. Depreciation is computed utilizing the declining balance method over the estimated useful lives of the assets. 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. **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.
- H. **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.

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2009

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

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

NOTE 2 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of program service fees 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. During the year the Federal Deposit Insurance Corporation (FDIC) insured the Organization's balances up to \$250,000 at this institution. At June 30, 2009, bank deposits were fully collateralized by FDIC coverage. However, at various times during the year, bank deposits exceeded FDIC coverage.

NOTE 3 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, grants receivable, accounts payable, and lines of credit. Management estimates that the fair value of all financial instruments at June 30, 2009, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

NOTE 4 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment, consisting primarily of furniture, fixtures, office equipment, and vehicles, follows:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Property and equipment	\$ 183,202	\$ 26,092	\$ (21,045)	\$ 188,249
Accumulated depreciation	(101,063)	(24,327)	12,978	(112,412)
	<u>\$ 82,139</u>	<u>\$ 1,765</u>	<u>\$ (8,067)</u>	<u>\$ 75,837</u>

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2009

NOTE 5 – GRANTS RECEIVABLE

As of June 30, 2009, grants receivable consists of the following:

State of Louisiana -

Department of Health and Hospitals -

Office of Mental Health -

Nicholls State University Grant	\$ 49,088
Drop-In Center Grant	20,248
Terrebonne Children's Assertive Community Treatment Grant	12,846
Terrebonne-Lafourche Resettlement Services Grant	12,464
Vocational Grant	10,130
Louisiana Youth Enhanced Services Grant	9,337
Options for Youth Grant	8,583
Consumer Care Resources Grant	8,344
East Resettlement Grant	8,212
Early Childhood Supports and Services	4,130
Consult Children's Assertive Community Treatment Grant	3,920
Metro / Region 3 Grant	2,035

Office of Addictive Disorders -

Options for Youth Grant	23,732
Drug Treatment Grant	1,778

Office for Citizens with Developmental Disabilities -

Children's Assertive Community Treatment Grant	13,036
Crisis Intervention Grant	937

Office of Public Health -

Child Health Injury Prevention Grant	8,086
--------------------------------------	-------

Department of Social Services -

Louisiana Rehabilitation Services	28,379
-----------------------------------	--------

Office of Youth Development -

Counseling Center Grant	18,795
-------------------------	--------

Department of Education -

Louisiana's State Improvement Grant	4,838
-------------------------------------	-------

Public/Private Ventures 45,655

Terrebonne Parish Consolidated Government 30,682

Other 30,392

Houma City Court 3,900

Gulf Coast Family Teaching Services, Inc. 488

\$ 360,035

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2009

NOTE 6 – LINES OF CREDIT

The Organization has two revolving line of credit agreements with a local bank to aid in cash flow management. The first agreement includes a borrowing limit of \$150,000, an interest rate of Wall Street Journal prime (3.25% at June 30, 2009) on outstanding balances, and is secured by certain receivables. As of June 30, 2009, the Organization had an outstanding balance of \$149,729 on this line of credit.

The second agreement includes a borrowing limit of \$150,000, an interest rate of Wall Street Journal prime (3.25% at June 30, 2009) on outstanding balances, and is secured by certain receivables. As of June 30, 2009, the Organization had an outstanding balance of \$74,657 on this line of credit.

NOTE 7 – OPERATING LEASES

The Organization leases the space from which it operates certain program services from an unrelated third party. The agreement is written, on a year-to-year basis, and requires payments of \$3,825 per month. The total expense under this agreement for the year ended June 30, 2009 is \$45,900.

The Organization leases the space from which it operates certain program services from an unrelated third party. The agreement is written, on a year-to-year basis, and requires payments of \$4,660 per month. The total expense under this agreement for the year ended June 30, 2009 is \$56,826.

The Organization leases the space from which it operates certain program services from an unrelated third party. The agreement is written, on a year-to-year basis, and requires payments of \$1,860 per month. The total expense under this agreement for the year ended June 30, 2009 is \$22,320.

The Organization leases the space from which it operates certain program functions from an unrelated third party. The agreement is written, on a year-to-year basis, and requires payments of \$1,550 per month. The total expense under this agreement for the year ended June 30, 2009 is \$18,100.

The Organization leases space from which it operates certain program functions from an unrelated third party. The agreement is written, on a month-to-month basis, and requires payments of \$800 per month. The total expense under this agreement for the year ended June 30, 2009 is \$8,000.

The Company leases three copiers under non-cancelable leases for 60 months which require monthly lease payments totaling \$863. These leases expire on January 26, 2014. The total expense under these leases for the year ended June 30, 2009 is \$12,380.

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2009

NOTE 7 – OPERATING LEASES (Cont.)

The Company leases a vehicle under a non-cancelable lease for 48 months which requires monthly lease payments totaling \$397. This lease expires on July 1, 2012. Total expense under this agreement for the year ended June 30, 2009 is \$4,765.

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

<u>June 30,</u>	
2010	\$ 157,860
2011	15,120
2012	15,120
2013	10,356
2014	6,041
	<u>\$ 204,497</u>

NOTE 8 – RELATED PARTY

The Executive Director of Options for Independence, Inc. is also the Chief Executive Officer for the Children's Coalition for the Bayou Region, Inc. Children's Coalition for the Bayou Region, Inc. is a not-for-profit voluntary health and welfare agency. The Organization manages the day-to-day operations of the Children's Coalition for the Bayou Region, Inc.

NOTE 9 – MISCELLANEOUS INCOME

Miscellaneous income as of June 30, 2009 consists of management fee income, interest income, insurance reimbursements, and special projects.

NOTE 10 – ANNUITY PLAN

The Organization maintains a 403b (annuity) plan, which became effective in May 1997. 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%.

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2009

NOTE 11 – PROGRAM SERVICE FEES

During the year ended June 30, 2009, the Organization recognized program service fees in the form of reimbursements for actual expenses and on a unit of service basis from the following sources:

State of Louisiana -

Department of Health and Hospitals -

Office of Mental Health -

Metro / Region 3 Grant	\$ 443,543
Nicholls State University Grant	252,996
Drop-In Center Grant	186,823
Vocational Grant	156,729
Terbonne-Lafourche Resettlement Services Grant	149,747
Early Childhood Supports and Services Grant	147,916
Terbonne Children's Assertive Community Treatment Grant	103,486
Options for Youth Grant	88,218
Consult Children's Assertive Community Treatment Grant	84,725
Consumer Care Resources Grant	67,388
East Resettlement Grant	49,680
Louisiana Youth Enhanced Services Grant	47,219

Office of Addictive Disorders -

Drug Treatment Grant	94,589
Options for Youth Grant	66,527

Office for Citizens with Developmental Disabilities -

Children's Assertive Community Treatment Grant	148,821
Crisis Intervention Grant	10,138

Office of Public Health -

Child Health Injury Prevention Grant	60,001
Maternal and Child Health Program	705

Department of Social Services -

Louisiana Rehabilitation Services	127,520
-----------------------------------	---------

Office of Youth Development -

Counseling Center Grant	96,962
All Stars Grant	15,000

Department of Education -

Louisiana's State Improvement Grant	50,914
-------------------------------------	--------

Terbonne Parish Consolidated Government 77,182

Public/Private Venture Grant 71,185

Houma City Court Grant 20,350

Other 200

\$2,618,564

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2009

NOTE 12 – SUBSEQUENT EVENT

On July 1, 2009, the Organization entered an agreement to lease space from which it operates certain program functions from an unrelated third party. The agreement is written, on a year-to-year basis, requires payments of \$3,199 per month, and replaces the lease discussed in Note 7 (\$1,550 per month) which was terminated.

SPECIAL REPORTS 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

**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 the financial statements of Options for Independence, Inc. (a nonprofit organization) as of and for the year ended June 30, 2009 and have issued our report thereon dated September 22, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Options for Independence, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

*As part of obtaining reasonable assurance about whether Options for Independence, Inc.'s basic 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 that are required to be reported under *Government Auditing Standards*.*

This report is intended solely for the information and use of the Board of Directors, management, the Louisiana Legislative Auditor, federal awarding agencies, pass-through entities, and other grantor organizations 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.



September 22, 2009

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of Options for Independence, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. Options for Independence, Inc.'s major federal award program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Options for Independence, Inc.'s management. Our responsibility is to express an opinion on Options for Independence, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Options for Independence, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Options for Independence, Inc.'s compliance with those requirements.

In our opinion, Options for Independence, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

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

Internal Control Over Compliance

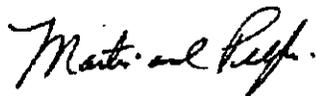
The management of Options for Independence, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Options for Independence, Inc.'s internal control over compliance with requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express our opinion on the effectiveness of the Organization's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, the Louisiana Legislative Auditor, federal awarding agencies, pass-through entities, and other grantor organizations and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



September 22, 2009

Options for Independence, Inc.

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES/</u>			
<u>Pass-through payments from the Louisiana Department of Health and Hospitals/</u>			
Block Grants for Community Mental Health Services	93.958	634363 670145 634661 656527	\$ 103,486 252,996 52,310 84,725 <u>493,517</u> *
Temporary Assistance for Needy Families (TANF)	93.558	651437	<u>147,916</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	664118	<u>65,861</u>
Maternal and Child Health Services Block Grant to the States	93.994	655625 673200	60,001 402 <u>60,403</u>
Projects for Assistance in Transition from Homelessness (PATH)	93.150	634651 634156	16,814 34,442 <u>51,256</u>
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	665919	<u>47,219</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY/</u>			
<u>Pass-through payments from the Louisiana Department of Health and Hospitals/</u>			
Crisis Counseling	97.032	642563	<u>443,543</u>
<u>DEPARTMENT OF EDUCATION/</u>			
<u>Pass-through payments from the Louisiana Department of Education/</u>			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	n/a	<u>100,358</u>
Title I Grants to Local Educational Agencies	84.010A	n/a	<u>54,750</u>
Special Education - State Program Improvement Grants for Children with Disabilities	84.323A	666494	<u>50,914</u>
<u>DEPARTMENT OF HOMELAND SECURITY/</u>			
<u>Pass-through payments from the Terrebonne Parish Consolidated Government/</u>			
Disaster Housing Assistance	97.109	n/a	<u>22,432</u>
			<u>\$ 1,538,169</u>

* Denotes a major program.

See accompanying notes to schedule of expenditures of federal awards.

Options for Independence, Inc.

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

**NOTE 1 – SCOPE OF AUDIT PURSUANT TO THE GOVERNMENTAL AUDITING
STANDARDS ISSUED BY THE COMPTROLLER GENERAL OF THE UNITED
STATES AND OMB CIRCULAR A-133**

All federal grant awards of Options for Independence, Inc. are included in the scope of the *Government Auditing Standards* issued by the Comptroller General of the United States and OMB Circular A-133.

NOTE 2 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Options for Independence, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Options for Independence, Inc.

Schedule of Findings and Questioned Costs Year Ended June 30, 2009

Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Options for Independence, Inc.
2. No control deficiencies were noted during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Options for Independence, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No control deficiencies were noted during the audit of internal control over major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Options for Independence, Inc. expresses an unqualified opinion on the major federal programs.
6. No audit findings relative to the major federal award program were noted.
7. The program tested as a major program was the U.S. Department of Health and Human Services Community Mental Health Services Block Grant, CFDA number 93.958.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Options for Independence, Inc. qualified as a low-risk auditee.

Findings – Financial Statement Audit

None Reported.

Findings and Questioned Costs – Major Federal Award Program Audit

None Reported.

Options for Independence, Inc

Schedule of Prior Findings and Resolution Matters
Year Ended June 30, 2009

Note All prior findings relate to the June 30, 2008 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