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Options for Independence, Inc.

Financial Statements
and Independent Auditor's Report
June 30, 2008

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 11/26/08

Options for Independence, Inc.

**Financial Statements and Independent Auditor's Report
As of and for the Year Ended June 30, 2008
With Supplemental Information Schedule**

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and
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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, 2008, 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.

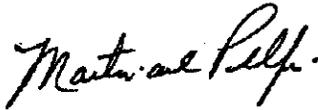
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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, 2008, 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 October 8, 2008 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 A. Kelly".

October 8, 2008

FINANCIAL STATEMENTS

Options for Independence, Inc.

**Statement of Financial Position
June 30, 2008**

ASSETS

Current assets:

Cash and cash equivalents	\$ 83,711
Grants receivable	488,359
Prepaid expenses	<u>103,060</u>

Total current assets 675,130

Property and equipment, net of accumulated depreciation
of \$101,064 82,139

Deposits 1,335

TOTAL ASSETS \$ 758,604

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 11,856
Lines of credit	304,930
Deferred revenue	100,060
Accrued payroll and related liabilities	<u>53,191</u>

Total current liabilities 469,837

Net assets:

Unrestricted 288,767

TOTAL LIABILITIES AND NET ASSETS \$ 758,604

The accompanying notes are an integral part to this statement.

Options for Independence, Inc.

Statement of Activities
For the Year Ended June 30, 2008

	<u>Unrestricted</u>
REVENUES AND OTHER SUPPORT	
Program service fees	\$ 3,299,472
Fundraising income	35,505
Miscellaneous income	17,626
	<hr/>
TOTAL REVENUES AND OTHER SUPPORT	3,352,603
EXPENSES	
Program services	
Community Options	1,909,239
Options for Youth	647,038
Corporate Options	501,607
	<hr/>
Total Program Services	3,057,884
Management and General	107,280
Fundraising Development	34,947
	<hr/>
TOTAL EXPENSES	3,200,111
INCREASE IN NET ASSETS	152,492
NET ASSETS, BEGINNING OF PERIOD	136,275
	<hr/>
NET ASSETS, END OF PERIOD	\$ 288,767
	<hr/>

The accompanying notes are an integral part to this statement.

Options for Independence, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2008

	PROGRAM SERVICES					Total
	Community Options	Options for Youth	Corporate Options	Management and General	Fundraising Development	
Salaries	\$ 1,173,085	\$ 367,787	\$ 109,423	\$ 61,718	\$ -	\$ 1,712,011
Direct aid	25,206	1,459	315,254	150	-	342,069
Supplies	172,986	69,544	3,565	1,519	4,507	252,121
Travel	155,660	28,940	6,429	731	-	191,760
Payroll taxes	90,003	29,029	8,512	4,635	-	132,179
Rent	54,521	28,912	5,995	4,613	-	94,041
Accounting & professional	29,051	20,327	25,387	167	12,000	86,932
Insurance - worker's comp.	54,661	9,010	2,263	2,245	-	68,179
Insurance - health	21,521	23,096	3,400	918	-	48,935
Insurance - general	25,538	14,923	5,099	-	-	45,560
Training & education	7,508	21,029	9,139	2,560	1,788	42,024
Phone	29,895	6,565	902	582	-	37,944
Interest	8,100	-	-	12,321	-	20,421
Repairs & maintenance	16,982	1,841	-	168	-	18,971
Contributions	7,436	6,619	2,166	2,526	-	18,747
OFI Bass Open	-	-	-	-	16,542	16,542
Auto	8,424	5,008	822	301	-	14,555
Depreciation	4,209	-	-	10,107	-	14,316
Lease - copier	6,019	4,435	1,194	-	-	11,648
Consulting	5,767	3,937	1,011	-	-	10,715
Postage	2,280	313	856	93	-	3,542
Utilities	3,485	-	-	-	-	3,485
Dues & subscriptions	2,488	-	59	50	-	2,597
Lease - auto	764	1,528	-	-	-	2,292
Miscellaneous	258	1,432	63	388	110	2,251
Pager	983	672	68	175	-	1,898
Bank charges	750	-	-	1,135	-	1,885
Advertising	1,601	-	-	-	-	1,601
Other	-	632	-	-	-	632
Penalties	78	-	-	180	-	258
Total	\$ 1,909,239	\$ 647,038	\$ 501,607	\$ 107,280	\$ 34,947	\$ 3,200,111

The accompanying notes are an integral part to this statement.

Options for Independence, Inc.

**Statement of Cash Flows
For the Year Ended June 30, 2008**

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 152,492
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	14,316
Increase in operating assets:	
Receivables	(14,474)
Prepaid expenses	(100,560)
Increase/(decrease) in operating liabilities:	
Accounts payable	(120,035)
Accrued payroll and related liabilities	(29,074)
Deferred revenue	100,061
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,726</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchases of equipment	<u>(46,298)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from lines of credit, net of repayments	58,813
Principal payments on capital lease obligation	(4,412)
Principal payments on note payable	<u>(4,027)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>50,374</u>
NET INCREASE IN CASH	6,802
BEGINNING CASH BALANCE	<u>76,909</u>
ENDING CASH BALANCE	<u>\$ 83,711</u>
SUPPLEMENTAL INFORMATION:	
Cash paid during the year for interest	<u>\$ 20,421</u>

The accompanying notes are an integral part to this statement.

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2008

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.

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, 2008

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, 2008

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 \$100,000 at this institution. At June 30, 2008 bank deposits exceeded federally insured limits. Effective October 3, 2008 FDIC coverage increased to \$250,000.

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, 2008, 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, 2007	Additions	Retirements	Balance June 30, 2008
Property and equipment	\$ 136,905	\$ 46,298	\$ -	\$ 183,203
Accumulated depreciation	(86,748)	(14,316)	-	(101,064)
	<u>\$ 50,157</u>	<u>\$ 31,982</u>	<u>\$ -</u>	<u>\$ 82,139</u>

Options for Independence, Inc.

**Notes to the Financial Statements
For the Year Ended June 30, 2008**

NOTE 5 – GRANTS RECEIVABLE

As of June 30, 2008, grants receivable consists of the following:

State of Louisiana -

Department of Health and Hospitals -

Office of Mental Health -

Vocational Grant	\$ 96,358
Metro / Region 3 Grant	76,008
Nicholls State University Grant	61,882
Drop-In Center Grant	49,948
Options for Youth Grant	26,206
Terrebonne Children's Assertive Community Treatment Grant	15,802
East Resettlement Grant	14,711
Terrebonne-Lafourche Resettlement Services Grant	13,638
Consult Children's Assertive Community Treatment Grant	10,536
Consumer Care Resources Grant	8,243
Louisiana Youth Enhanced Services Grant	5,649

Office of Addictive Disorders -

Drug Treatment Grant	13,588
Options for Youth Grant	13,073

Office for Citizens with Developmental Disabilities -

Children's Assertive Community Treatment Grant	18,160
Crisis Intervention Grant	14,823

Office of Public Health -

Child Health Injury Prevention Grant	5,243
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Office of Youth Development -

Counseling Center Grant	14,145
All Stars Grant	8,125

Department of Education -

Louisiana's State Improvement Grant	9,138
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Department of Social Services -

Louisiana Rehabilitation Services	4,002
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Office of the Governor -

Governor's Safe and Drug Free Schools and Communities Grant	3,211
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Gulf Coast Family Teaching Services, Inc.	4,020
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Other	1,850
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\$ 488,359

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2008

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 (5% at June 30, 2008) on outstanding balances, and is secured by certain receivables. As of June 30, 2008, the Organization had an outstanding balance of \$155,283 on this line of credit.

The second agreement includes a borrowing limit of \$150,000, an interest rate of Wall Street Journal prime (5% at June 30, 2008) on outstanding balances, and is secured by certain receivables. As of June 30, 2008, the Organization had an outstanding balance of \$149,647 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, 2008 is \$19,125.

The Organization leased the space from which it operated certain program services from an unrelated third party. The agreement was written, on a year-to-year basis, and required payments of \$1,860 per month. The total expense under this agreement for the year ended June 30, 2008 is \$13,020.

On May 1, 2008, the Organization entered into a lease for office space from which it operates certain program services from an unrelated third party. This lease agreement is written on a year-to-year basis and includes payments of \$3,750 per month. The total expense under this agreement for the year ended June 30, 2008 is \$7,500. Future minimum lease payments due under this lease consist of payments for the months from July 2007 to April 2008 totaling \$37,500.

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 \$700 per month. The total expense under this agreement for the year ended June 30, 2008 is \$8,400.

NOTE 8 – RELATED PARTY

The executive director of Options for Independence, Inc. also serves on the Board of Directors of 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 does not engage in transactions with the related party.

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 9 – MISCELLANEOUS INCOME

Miscellaneous income as of June 30, 2008 consists of management fee income 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 does not make matching contributions to the plan.

NOTE 11 – HURRICANES KATRINA AND RITA

In 2005, Hurricanes Katrina and Rita severely impacted the economy of the region within which the Organization operates. The storm caused severe economic and physical damage in the area. A material amount of the Organization's grant revenues (Disaster Recovery Grant) generated during the year were a direct result of crisis counseling assistance and recovery program for victims of Hurricane Katrina located within the physical boundaries of the seven parishes in Louisiana Region III. Recovery services are scheduled to close as planned by November 30, 2008.

NOTE 12 – PROGRAM SERVICE FEES

During the year ended June 30, 2008, 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	\$1,272,716
Nicholls State University Grant	322,931
Terrebonne-Lafourche Resettlement Services Grant	149,933
Early Childhood Supports and Services Grant	148,254
Vocational Grant	108,118
Terrebonne Children's Assertive Community Treatment Grant	107,162
Drop-In Center Grant	102,303
Consult Children's Assertive Community Treatment Grant	93,489
Options for Youth Grant	71,416
Consumer Care Resources Grant	68,107
East Resettlement Grant	49,480
Louisiana Youth Enhanced Services Grant	43,775

Options for Independence, Inc.

Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 12 – PROGRAM SERVICE FEES (Cont.)

Office of Addictive Disorders -	
Options for Youth Grant	71,397
Drug Treatment Grant	45,177
Office for Citizens with Developmental Disabilities -	
Children's Assertive Community Treatment Grant	143,407
Crisis Intervention Grant	34,200
Office of Public Health -	
Child Health Injury Prevention Grant	51,968
Office of Youth Development -	
Counseling Center Grant	97,000
All Stars Grant	53,750
Department of Education -	
Louisiana's State Improvement Grant	58,839
Department of Social Services -	
Louisiana Rehabilitation Services	91,802
Office of the Governor -	
Governor's Safe and Drug Free Schools and Communities Grant	29,552
Gulf Coast Family Teaching Services, Inc.	48,004
Public/Private Venture Grant	25,000
City Court Grant	9,800
Other	1,892
	<u>\$3,299,472</u>

NOTE 13 – SUBSEQUENT EVENT

In September 2008, Hurricanes Gustav and Ike impacted the region within which the Organization operates. The Organization will serve in a consulting capacity with the Department of Health and Hospitals on a recovery program for those adversely affected by the storms. Management believes that future revenues and profits will also be affected as a direct or indirect result of the storm.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2008 and have issued our report thereon dated October 8, 2008. 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.

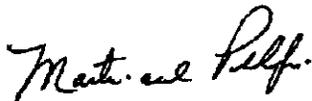
Board of Directors
Options for Independence, Inc.
Houma, Louisiana

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.



October 8, 2008

**Martin
and
Pellegrin**

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Houma, Louisiana 70360

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**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 each of its major federal programs for the year ended June 30, 2008. Options for Independence, Inc.'s major federal award programs are 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 each of its major federal programs 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 each of its major federal programs for the year ended June 30, 2008.

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.

Mat. e Ref.

October 8, 2008

Options for Independence, Inc.

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</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>\$ 1,274,894 **</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 644705 634661 635177 656527	107,162 322,931 27,622 61,977 93,489 <u>613,181 **</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	647200	<u>71,397</u>
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	637013	<u>43,775</u>
Projects for Assistance in Transition from Homelessness (PATH)	93.150	634661 635177	10,230 6,130 <u>16,360</u>
Maternal and Child Health Services Block Grant to the States	93.994	655625	<u>20,787</u>
<u>DEPARTMENT OF EDUCATION/</u>			
<u>Pass-through payments from the Louisiana Department of Education/</u>			
Special Education - State Program Improvement Grants for Children with Disabilities	84.323A	646611	<u>58,839</u>
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	<u>72,248</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	654841	<u>29,552</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT/</u>			
<u>Pass-through payments from the Louisiana Department of Housing and Urban Development/</u>			
Supportive Housing for Persons with Disabilities	14.235	N/A	<u>48,004</u>
			<u>\$ 2,249,037</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, 2008

**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, 2008**

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 programs were noted.
7. The programs tested as major programs were the Federal Emergency Management Agency Crisis Counseling Grant, CFDA number 97.032, and 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, 2008**

Note: All prior findings relate to the June 30, 2007 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.