

**KINGSLEY HOUSE, INC.
(A Nonprofit Organization)**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

For the Years Ended June 30, 2011 and 2010

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 **FEB 15 2012**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kingsley House, Inc
New Orleans, Louisiana

We have audited the accompanying Statement of Financial Position of Kingsley House, Inc (a nonprofit organization) (the "Organization") as of June 30, 2011, and the related Statements of Activities, Cash Flows, and Functional Expenses for the year then ended. These financial statements and supplementary information are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative financial information has been derived from the Organization's 2010 financial statements, which were audited by other auditors whose report dated December 21, 2010, expressed an unqualified opinion on those financial statements.

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 Kingsley House, Inc as of June 30, 2011, 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 November 22, 2011 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying Schedule of Support, Revenues and Expenses in Accordance with United Way Requirements on pages 24 through 26, is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the basic financial statements and, accordingly, we express no opinion on it. 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. The Schedule of Federal Expenditures of Federal Awards 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.

Carr, Riggs & Ingram, LLC

November 22, 2011

FINANCIAL STATEMENTS

KINGLSEY HOUSE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2011 with Comparative Total for 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Total</u>	<u>2010 Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 95,778	\$ -	\$ -	\$ 95,778	\$ 343,546
Investments	1,454,167	-	-	1,454,167	1,260,723
Due to (from)	151,582	(166,001)	14,419	-	-
Promises to give	-	517,293	-	517,293	551,109
Accounts receivable					
Government contracts	391,588	-	-	391,588	387,391
Other	195,959	-	-	195,959	36,965
Prepaid expenses	128,858	-	-	128,858	88,453
	<u>2,417,932</u>	<u>351,292</u>	<u>14,419</u>	<u>2,783,643</u>	<u>2,668,187</u>
Non-current assets:					
Cash held for acquisition of property and donor restricted purposes	-	30,632	-	30,632	58,039
Long-term investments	-	-	212,699	212,699	179,269
Land, buildings, and equipment, net	999,515	4,088,482	-	5,087,997	5,337,220
	<u>999,515</u>	<u>4,088,482</u>	<u>-</u>	<u>5,087,997</u>	<u>5,337,220</u>
TOTAL ASSETS	<u>\$ 3,417,447</u>	<u>\$ 4,470,406</u>	<u>\$ 227,118</u>	<u>\$ 8,114,971</u>	<u>\$ 8,242,715</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	\$ 309,887	\$ 52	\$ -	\$ 309,939	\$ 343,682
Bank line of credit	160,000	-	-	160,000	-
	<u>469,887</u>	<u>52</u>	<u>-</u>	<u>469,939</u>	<u>343,682</u>
Net Assets:					
Unrestricted, undesignated	1,521,293	-	-	1,521,293	1,703,876
Unrestricted, Board designated	1,426,267	-	-	1,426,267	1,233,760
Total Unrestricted	<u>2,947,560</u>	<u>-</u>	<u>-</u>	<u>2,947,560</u>	<u>2,937,636</u>
Temporarily restricted	-	4,470,354	-	4,470,354	4,767,709
Permanently restricted	-	-	227,118	227,118	193,688
	<u>2,947,560</u>	<u>4,470,354</u>	<u>227,118</u>	<u>7,645,032</u>	<u>7,899,033</u>
TOTAL NET ASSETS	<u>2,947,560</u>	<u>4,470,354</u>	<u>227,118</u>	<u>7,645,032</u>	<u>7,899,033</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,417,447</u>	<u>\$ 4,470,406</u>	<u>\$ 227,118</u>	<u>\$ 8,114,971</u>	<u>\$ 8,242,715</u>

See accompanying notes to financial statements

KINGSLEY HOUSE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Federal contract revenues	\$ 3,393,778	\$ 18,354	\$ -	\$ 3,412,132
State contract revenues	1,129,284	-	-	1,129,284
Foundation and corporate contract revenues	1,007,072	(97,216)	-	909,856
United Way funding for-next year	-	517,293	-	517,293
Contributions	315,907	93,025	-	408,932
Investment income	269,971	-	35,500	305,471
Program fees	123,273	-	-	123,273
Other income	91,465	224	-	91,689
United Way	74,434	-	-	74,434
Transfers	1,722	-	(1,722)	-
Net assets released from restrictions				
United Way funding for the year	551,109	(551,109)	-	-
Restrictions satisfied by payments	277,926	(277,926)	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	7,235,941	(297,355)	33,778	6,972,364
EXPENSES				
Program services				
Pre-school day care	1,540,928	-	-	1,540,928
Early Head Start	1,482,674	-	-	1,482,674
Family Life Services	738,766	-	-	738,766
Adult day health care	728,967	-	-	728,967
School age day care/youth	427,650	-	-	427,650
Resettlement and Recovery Services	374,071	-	-	374,071
Community and Supportive Services	341,495	-	-	341,495
Participants Meal Program	278,709	-	-	278,709
Health Care for All	156,151	-	-	156,151
Resource Center	47,929	-	-	47,929
Smart View	23,458	-	-	23,458
Supporting services				
Management and general	990,568	-	348	990,916
Fundraising	94,651	-	-	94,651
TOTAL EXPENSES	7,226,017	-	348	7,226,365
INCREASE (DECREASE) IN NET ASSETS	9,924	(297,355)	33,430	(254,001)
NET ASSETS, BEGINNING OF YEAR	2,937,636	4,767,709	193,688	7,899,033
NET ASSETS, END OF YEAR	\$ 2,947,560	\$ 4,470,354	\$ 227,118	\$ 7,645,032

See accompanying notes to financial statements

KINGSLEY HOUSE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT				
Federal contract revenues	\$ 3,179,913	\$ -	\$ -	\$ 3,179,913
Foundation and corporate contract revenues	1,257,067	(173,820)	-	1,083,247
State contract revenues	978,175	-	-	978,175
United Way funding for next year	-	551,109	-	551,109
Contributions	239,565	-	27,750	267,315
Investment income	131,968	-	13,543	145,511
United Way	90,490	-	-	90,490
Program fees	88,650	-	-	88,650
Other income	87,384	4	-	87,388
Transfers	1,600	-	(1,600)	-
Net assets released from restrictions				
United Way funding for the year	536,962	(536,962)	-	-
Restrictions satisfied by payments	277,177	(277,177)	-	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	<u>6,868,951</u>	<u>(436,846)</u>	<u>39,693</u>	<u>6,471,798</u>
EXPENSES				
Program services				
Pre-school day care	1,365,168	-	-	1,365,168
School age day care/youth	434,814	-	-	434,814
Adult day health care	719,936	-	-	719,936
Family Life Services	522,092	-	-	522,092
Resource Center	99,621	-	-	99,621
Health Care for All	472,293	-	-	472,293
Early Head Start	1,336,704	-	-	1,336,704
Resettlement and Recovery Services	397,460	-	-	397,460
Community and Supportive Services	301,694	-	-	301,694
Participants Meal Program	209,470	-	-	209,470
Supporting services				
Management and general	923,247	-	218	923,465
Fund-raising	79,396	-	-	79,396
TOTAL EXPENSES	<u>6,861,895</u>	<u>-</u>	<u>218</u>	<u>6,862,113</u>
INCREASE (DECREASE) IN NET ASSETS	7,056	(436,846)	39,475	(390,315)
NET ASSETS, BEGINNING OF YEAR	<u>2,930,580</u>	<u>5,204,555</u>	<u>154,213</u>	<u>8,289,348</u>
NET ASSETS, END OF YEAR	<u>\$ 2,937,636</u>	<u>\$ 4,767,709</u>	<u>\$ 193,688</u>	<u>\$ 7,899,033</u>

See accompanying notes to financial statements

KINGSLEY HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

Program Services

	Pre-School Day Care	School Age Day Care/Youth	Adult Day Health Care	Family Life Services	Resource Center	Health Care for All
Compensation	\$ 853,134	\$ 221,462	\$ 437,024	\$ 475,919	\$ 28,928	\$ 91,387
Employee Benefits						
Medical & Hospital Plan Premiums	86,694	14,556	43,386	50,598	3,742	13,939
Retirement	20,522	2,238	14,693	6,380	1,000	3,157
Other	5,902	644	2,771	3,200	218	648
Payroll Taxes	66,967	18,818	34,085	36,878	2,241	6,498
Total compensation & related expenses	<u>1,033,219</u>	<u>257,718</u>	<u>531,959</u>	<u>572,975</u>	<u>36,129</u>	<u>115,629</u>
Conferences, conventions, and meetings	8,018	-	1,860	1,858	87	-
Food	1,673	1,360	2,065	134	-	82
Insurance	35,779	8,618	15,459	11,574	758	2,852
Membership dues	3,903	404	1,173	1,296	23	-
Occupancy						
Utilities	29,552	19,573	21,019	7,829	450	3,427
Rent	2,746	-	-	6,854	1,305	-
Maintenance & repair	42,450	14,342	14,691	10,093	984	4,086
Waste pick-up	4,958	1,055	1,493	432	-	374
Guard service	9,047	10,112	3,182	3,121	240	995
Building Insurance	20,109	1,587	6,209	4,979	397	1,782
Fees for service						
Audit, legal, and other	14,451	7,199	7,336	32,802	70	5,447
Office Expense	190,257	19,181	24,136	23,794	1,464	5,867
Information Technology	10,757	2,398	2,580	8,451	105	3,671
Travel	10,250	1,592	63,743	35,602	2,383	2,825
Specific assistance to individuals	2,007	-	-	102	-	13
Field Trips	5,929	6,282	75	-	-	-
Other	2,917	25	675	3,406	-	-
TOTAL EXPENSES BEFORE DEPRECIATION	<u>1,428,022</u>	<u>351,446</u>	<u>697,655</u>	<u>725,302</u>	<u>44,395</u>	<u>147,050</u>
Depreciation expense	<u>112,906</u>	<u>76,204</u>	<u>31,312</u>	<u>13,464</u>	<u>3,534</u>	<u>9,101</u>
TOTAL EXPENSES	<u>\$ 1,540,928</u>	<u>\$ 427,650</u>	<u>\$ 728,967</u>	<u>\$ 738,766</u>	<u>\$ 47,929</u>	<u>\$ 156,151</u>

See accompanying notes to financial statements

Early Head Start	Resettlement & Recovery Services	Community & Supportive Services	Smart View	Participant Meals Program	Supporting Services		Total
					Management and General	Fund- Raising	
\$ 978,653	\$ 227,073	\$ 239,281	\$ 18,582	\$ 59,935	\$ 553,458	\$ 55,005	\$ 4,239,841
112,685	31,444	17,219	-	13,265	49,530	4,074	441,132
25,436	6,525	5,669	-	1,409	17,112	1,715	105,856
7,183	1,670	1,788	-	472	3,569	390	28,455
74,275	18,071	18,853	1,693	5,690	39,691	4,265	328,025
<u>1,198,232</u>	<u>284,783</u>	<u>282,810</u>	<u>20,275</u>	<u>80,771</u>	<u>663,360</u>	<u>65,449</u>	<u>5,143,309</u>
7,435	799	763	-	-	2,571	595	23,986
976	460	213	-	174,256	4,276	-	185,495
28,139	6,840	5,923	258	6,159	15,063	1,424	138,846
3,724	2,390	663	-	-	2,908	302	16,786
26,178	4,733	2,636	89	-	23,786	552	139,824
-	24,600	-	-	-	-	-	35,505
25,610	6,919	2,152	593	6,285	40,306	1,625	170,136
2,670	211	172	-	2,036	1,088	42	14,531
6,861	1,918	422	-	-	5,569	3,021	44,488
12,796	2,837	2,976	-	-	7,241	397	61,310
9,616	6,103	11,510	199	264	44,723	6,307	146,027
100,718	19,353	20,985	918	8,830	69,763	10,253	495,519
7,916	3,483	3,579	740	-	17,100	1,045	61,825
11,073	8,617	4,495	386	108	6,533	1,676	149,283
341	-	-	-	-	-	-	2,463
1,248	-	305	-	-	-	-	13,839
<u>2,650</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,516</u>	<u>1,500</u>	<u>12,714</u>
1,446,183	374,071	339,604	23,458	278,709	905,803	94,188	6,855,886
<u>36,491</u>	<u>-</u>	<u>1,891</u>	<u>-</u>	<u>-</u>	<u>84,765</u>	<u>463</u>	<u>370,131</u>
<u>\$ 1,482,674</u>	<u>\$ 374,071</u>	<u>\$ 341,495</u>	<u>\$ 23,458</u>	<u>\$ 278,709</u>	<u>\$ 990,568</u>	<u>\$ 94,651</u>	<u>\$ 7,226,017</u>

KINGSLEY HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2010

	Program Services					
	Pre-School Day Care	School Age Day Care/Youth	Adult Day Health Care	Family Life Services	Resource Center	Health Care for All
Compensation	\$ 823,187	\$ 231,723	\$ 419,206	\$ 342,969	\$ 45,059	\$ 266,460
Employee Benefits						
Medical & Hospital Plan Premiums	81,586	9,250	38,927	38,349	4,645	38,255
Retirement	22,897	1,689	11,558	4,263	232	7,988
Other	5,298	534	2,553	2,120	329	1,847
Payroll Taxes	63,360	19,207	31,607	26,730	3,483	21,883
Total compensation & related expenses	996,328	262,403	503,851	414,431	53,748	336,433
Conferences, conventions, and meetings	7,747	889	2,304	1,172	850	2,460
Food	14,877	893	2,616	113	-	491
Insurance	28,813	13,441	18,187	6,297	1,722	8,711
Membership dues	1,598	192	550	732	223	3,047
Occupancy						
Utilities	31,540	20,437	22,349	5,896	148	7,848
Rent	-	-	-	1,800	2,700	-
Maintenance & repair	46,977	12,490	34,548	13,799	469	13,572
Misc Occupancy Costs	50	50	50	-	-	-
Waste pick-up	3,009	1,285	1,734	369	-	1,091
Guard service	10,188	3,909	5,586	2,365	128	2,824
Building Insurance	12,558	10,400	8,284	1,411	41	4,036
Fees for service						
Audit, legal, and other	8,241	1,940	5,283	3,199	21,347	16,497
Investment Management Fee	-	-	-	-	-	-
Office Expense	55,481	19,394	27,582	15,013	3,181	36,222
Information Technology	6,071	5,281	3,833	4,916	472	9,354
Travel	16,916	846	52,648	35,956	4,121	19,094
Specific assistance to individuals	1,007	-	-	2,225	-	-
Field Trips	11,364	3,725	196	-	-	-
Other	-	-	150	-	6,500	-
TOTAL EXPENSES BEFORE DEPRECIATION	1,252,765	357,575	689,751	509,694	95,650	461,680
Depreciation expense	112,403	77,239	30,185	12,398	3,971	10,613
TOTAL EXPENSES	\$ 1,365,168	\$ 434,814	\$ 719,936	\$ 522,092	\$ 99,621	\$ 472,293

See accompanying notes to financial statements

Early Head Start	Resettlement & Recovery Services	Community & Supportive Services	Participant Meals Program	Supporting Services		Total
				Management and General	Fundraising	
\$ 805,752	\$ 245,361	\$ 193,874	\$ 42,727	\$ 519,440	\$ 47,729	\$ 3,983,487
82,381	24,813	9,462	6,277	51,823	3,249	389,017
17,080	4,527	2,640	1,194	17,896	64	92,028
5,309	1,592	1,311	329	4,042	309	25,573
62,569	18,398	15,861	4,278	42,513	3,616	313,505
973,091	294,691	223,148	54,805	635,714	54,967	4,803,610
10,255	1,534	2,415	-	2,653	-	32,279
17,797	441	-	127,530	2,942	-	167,700
23,928	6,688	6,294	5,293	14,817	810	135,001
2,094	1,868	900	-	283	-	11,487
22,663	4,184	3,382	-	18,894	587	137,928
-	26,650	-	-	-	-	31,150
36,801	9,109	5,375	6,254	17,403	468	197,265
140	-	-	-	-	-	290
1,886	288	296	2,452	801	45	13,256
6,838	1,755	1,155	-	4,912	132	39,792
7,951	2,631	3,764	-	5,866	110	57,052
8,103	3,249	24,275	490	25,207	10,637	128,468
-	-	-	-	9,206	-	9,206
154,958	23,129	20,497	12,109	60,880	9,898	438,344
8,679	7,337	6,026	-	23,024	1,646	76,639
19,762	11,721	4,167	537	14,264	96	180,128
393	1,962	-	-	-	-	5,587
6,339	-	-	-	-	-	21,624
-	-	-	-	600	-	7,250
1,301,678	397,237	301,694	209,470	837,466	79,396	6,494,056
35,026	223	-	-	85,781	-	367,839
<u>\$ 1,336,704</u>	<u>\$ 397,460</u>	<u>\$ 301,694</u>	<u>\$ 209,470</u>	<u>\$ 923,247</u>	<u>\$ 79,396</u>	<u>\$ 6,861,895</u>

KINGSLEY HOUSE, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (254,001)	\$ (390,315)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	370,131	367,839
Unrealized gains on investments	(265,852)	(77,977)
Realized losses on investments	102,158	19,293
Changes in assets and liabilities		
Increase in accounts receivable	(163,191)	(33,212)
(Increase) decrease in promises to give	33,816	(14,147)
(Increase) decrease in prepaid expenses	(40,405)	45,761
Decrease in accounts payable	(33,743)	(31,156)
Net cash used in operating activities	(251,087)	(113,914)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of long-term investments	(33,430)	(39,476)
Purchases of investments	(811,331)	(528,962)
Proceeds from sales of investments	781,581	536,509
Purchase of land, buildings and equipment	(120,908)	(9,657)
Net cash used in investing activities	(184,088)	(41,586)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under line of credit	160,000	-
Net change in cash held for acquisition of property	27,407	(13,517)
Net cash provided by (used in) financing activities	187,407	(13,517)
Net decrease in cash and cash equivalents	(247,768)	(169,017)
Cash and cash equivalents, beginning of year	343,546	512,563
Cash and cash equivalents, end of year	\$ 95,778	\$ 343,546
SUPPLEMENTAL DISCLOSURE OF CASH INFORMATION		
Cash paid for interest expense	\$ 3,457	\$ -

See accompanying notes to the financial statements

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Kingsley House, Inc (the “Organization”) is a United Way agency serving Southeast Louisiana. The Organization obtains funds from state and federal governmental grants and private donor contributions.

Programs provided by the Organization are as follows:

- Pre-School Day Care - A state licensed Head Start center is provided for 140 children.
- School Age Day Care and Youth Programs – The Organization operates after school programs for elementary children and teens as well as a full day summer camp.
- Adult Day Health Care - The Organization operates an adult day health care program for 84 elderly or disabled adults and a senior center for persons over 60 years old.
- Family Life Services - Intensive at-home counseling services are provided to families in crisis and at-risk of having their children removed from the home.
- Resource Center – The Resource Center provides for a truancy abatement program in the River Parishes of Southeast Louisiana.
- Health Care for All - The Organization has a program to increase enrollment, in Southeast Louisiana, in the Louisiana Child Health Insurance Program, Louisiana Medicaid Program and Louisiana Food Stamp Program. Due to budget constraints and major contracts supporting Health Care for All not being renewed, limited services are still being provided in the service area.
- Early Head Start – A state licensed Early Head Start center for 76 children.
- Resettlement and Recovery Services - Following Hurricane Katrina, the Organization developed a program to help families recover from the effects of Hurricane Katrina by providing intensive in-home counseling and conducting outreach activities designed to respond to medical and nutritional needs of individuals and families.
- Community and Supportive Services – The Organization provides intensive case management services for former St. Bernard Housing Development residents as they resettle in a redeveloped mixed income community.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Smart View** – In collaboration with an electric utility in New Orleans, the Organization solicited, enrolled, and hosted training classes for low income participants in an energy management test program. The participants received tools and training from the utility on how to track energy usage, lower costs, etc. The Organization's participation in the program ended by June 30, 2011.
- **Participants Meal Program** – The Organization operates a full kitchen to prepare and serve breakfast, lunch, and snacks to participants in the Pre-School Day Care, School Age Day Care, and Youth and Adult Day Health Care programs.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization follows the provisions of Not-For-Profit Entities Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- **Unrestricted** - Net assets which are free of donor imposed restrictions, all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.
- **Temporarily Restricted** - Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Organization pursuant to such stipulations.
- **Permanently Restricted** - Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Organization.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Donated Services

No amounts have been reflected in the financial statements for donated services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received 13,784 and 10,341 volunteer hours for the years ended June 30, 2011 and 2010, respectively.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions over the useful life of the donated asset. The Organization reclassifies temporarily restricted net assets to unrestricted net assets over such useful life.

Expense Allocation

Expenses are charged to each program directly when the charge is identified to the program. Program expenditures which cannot be directly identified to a program are allocated based on square footage, usage statistics, employees, and ratio of program expenses to total expenses as appropriate. Supporting services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 190(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization's tax filings for the years prior to June 30, 2008 are no longer open for audit under statutes of limitations by the Internal Revenue Service. Management believes that all tax positions would be sustained if audited. There were no penalties or interest on income taxes incurred during the years ended June 30, 2011 or 2010.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents, except that assets restricted for long-term purposes are not included as cash equivalents regardless of the liquidity.

Investment Securities

The Organization follows the Financial Accounting Standards Board ASC 958, Not-For-Profit Entities. Standards for accounting for investment securities are contained in FASB ASC 958-320, *Investments-Debt and Equity Securities*. The Organization is required to report investments with readily determinable fair values and all investments in debt securities at fair value. Gains and losses, both realized and unrealized, interest and dividends are included in the statements of changes in unrestricted net assets. Investments received as gifts are recorded at the fair value at the date of the gift.

Land, Buildings and Equipment

Land, buildings and equipment are carried at cost. All expenditures for land, buildings and equipment and the fair value of donated land, buildings and equipment in excess of \$5,000 are capitalized, except expenditures from federal and other awards, which have different capitalization thresholds and the Organization does not capitalize property purchased with resources from grants that specify that the title remains with or reverts to grantor. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives range from five to twenty-five years.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2011 and 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of the Organization to review its plans for future property improvements and acquisitions from time to time and to designate appropriate amounts to assure adequate financing of such improvements and acquisitions

Estimates

The preparation of financial statements in conformity with 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.

Subsequent Events

Subsequent events have been evaluated by management through November 22, 2011, the date the financial statements were available to be issued.

NOTE 2 - INVESTMENTS

The following schedules summarize the investment return for the stated year and its classification in the accompanying Statement of Activities:

	June 30, 2011		
	Unrestricted	Permanently Restricted	
		Total	
Interest and dividends	\$ 38,614	\$ 4,206	\$ 42,820
Net realized gains	101,446	712	102,158
Net unrealized gains	129,911	30,582	160,493
Total investment income	\$ 269,971	\$ 35,500	\$ 305,471

	June 30, 2010		
	Unrestricted	Permanently Restricted	
		Total	
Interest and dividends	\$ 47,075	\$ 2,752	\$ 49,827
Net realized gains	8,257	244	8,501
Net unrealized gains	76,636	10,547	87,183
Total investment income	\$ 131,968	\$ 13,543	\$ 145,511

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2011 and 2010

NOTE 2 - INVESTMENTS (CONTINUED)

The following is a summary of investment balances at June 30, 2011 and 2010

	<u>2011</u>		
	<u>Cost or donated value</u>	<u>Fair value</u>	<u>Unrealized appreciation/ (depreciation)</u>
Unrealized appreciation:			
Corporate bonds (19)	\$ 443,982	\$ 461,130	\$ 17,148
Equities (51)	469,577	743,885	274,308
Money markets (4)	95,927	95,927	-
Mutual fund (1)	<u>59,035</u>	<u>72,658</u>	<u>13,623</u>
	<u>1,068,521</u>	<u>1,373,600</u>	<u>305,079</u>
Unrealized depreciation - greater than 12 months:			
Corporate bond (1)	26,352	26,270	(82)
Equities (15)	<u>195,198</u>	<u>157,614</u>	<u>(37,584)</u>
	221,550	183,884	(37,666)
Less than 12 months:			
Corporate bonds (4)	87,267	86,804	(463)
Equities (2)	<u>23,677</u>	<u>22,578</u>	<u>(1,099)</u>
	<u>110,944</u>	<u>109,382</u>	<u>(1,562)</u>
Total	<u><u>\$ 1,401,015</u></u>	<u><u>\$ 1,666,866</u></u>	<u><u>\$ 265,851</u></u>

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2011 and 2010

NOTE 2 - INVESTMENTS (CONTINUED)

	2010		
	<u>Cost or donated value</u>	<u>Fair value</u>	<u>Unrealized appreciation/ (depreciation)</u>
Unrealized appreciation:			
Corporate bonds (13)	\$ 318,815	\$ 333,030	\$ 14,215
Equities (38)	340,014	511,666	171,652
Money markets (3)	48,965	48,965	-
Mutual fund (1)	<u>50,035</u>	<u>63,725</u>	<u>13,690</u>
	<u>757,829</u>	<u>957,386</u>	<u>199,557</u>
Unrealized Depreciation - greater than 12 months:			
Corporate bonds (4)	129,273	101,475	(27,798)
Equities (26)	<u>344,557</u>	<u>258,436</u>	<u>(86,121)</u>
	473,830	359,911	(113,919)
Less than 12 months:			
Corporate bonds (4)	78,137	77,153	(984)
Equities (5)	<u>51,961</u>	<u>45,542</u>	<u>(6,419)</u>
	<u>130,098</u>	<u>122,695</u>	<u>(7,403)</u>
Total	<u>\$ 1,361,757</u>	<u>\$ 1,439,992</u>	<u>\$ 78,235</u>

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2011 and 2010

NOTE 3 - PROMISES TO GIVE

Promises to give consist of the following

	<u>2011</u>	<u>2010</u>
United Way Services	\$ 517,293	\$551,109
	<u>\$ 517,293</u>	<u>\$551,109</u>

All amounts are due in less than a year

NOTE 4 - LAND, BUILDINGS AND EQUIPMENT

At June 30, 2011, the costs and related accumulated depreciation of land, buildings and equipment consisted of the following

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 87,402	\$ -	\$ 87,402
Buildings	9,569,270	4,850,498	4,718,772
Improvements	174,840	99,479	75,361
Construction in progress	50,959	-	50,959
Transportation equipment	208,653	117,178	91,475
Furniture, fixtures, and equipment	571,425	507,397	64,028
	<u>\$10,662,549</u>	<u>\$ 5,574,552</u>	<u>\$5,087,997</u>

At June 30, 2010, the costs and related accumulated depreciation of land, buildings and equipment consisted of the following

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	\$ 87,402	\$ -	\$ 87,402
Buildings	9,569,270	4,524,910	5,044,360
Improvements	174,840	95,411	79,429
Construction in progress	23,292	-	23,292
Transportation equipment	115,628	115,628	-
Furniture, fixtures, and equipment	571,209	468,472	102,737
	<u>\$10,541,641</u>	<u>\$ 5,204,421</u>	<u>\$5,337,220</u>

Depreciation expense for the years ended June 30, 2011 and 2010 was \$370,131 and \$367,839, respectively

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2011 and 2010

NOTE 5 – BANK LINE OF CREDIT

The Organization has the following bank line of credit outstanding as of June 30, 2011

Line of credit, unsecured, payable to a bank bearing interest at a variable annual rate (5.00% at June 30, 2011), the line of credit was renewed through July 28, 2012, total credit line is \$300,000. As of June 30, 2011 there was \$160,000 outstanding on this line of credit.

Subsequent to year end, the Organization made a \$60,000 payment on their borrowings.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Substantially all of the restrictions on net assets at June 30, 2011 and 2010 relate to funds raised through the Second Century Campaign, Capital Campaign, United Way funding for the next year and prior years funds restricted to purchasing or improving equipment and facilities.

The Organization solicited contributions to renovate the existing facilities through its two Capital Campaigns. Temporarily restricted net assets related to the Capital Campaigns represent the undepreciated portion of renovation expenditures. In accordance with the Organization's policy, these restrictions will be released as the assets are depreciated.

Temporarily restricted net assets are available as follows:

	<u>2011</u>	<u>2010</u>
United Way funding for next year	\$ 517,293	\$ 551,109
Renovation of Kingsley House facilities	4,088,482	4,245,500
Use restricted for facility improvements/operations	<u>(135,421)</u>	<u>(28,900)</u>
	<u>\$ 4,470,354</u>	<u>\$ 4,767,709</u>

NOTE 7 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of donations that the funders intend to create a permanent endowment for the Organization. Donations to the permanent endowment began in the 2001 fiscal year.

NOTE 8 – FAIR VALUE MEASUREMENTS

The Organization utilizes fair value measurements to record adjustments to certain financial assets and to determine fair value disclosures. Money market funds, Greater New Orleans Foundation (GNOF) mutual funds, corporate bonds, and common stocks are recorded at fair value.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2011 and 2010

NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)

The Organization uses a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows

Level 1 (L1) - Observable inputs such as quoted prices in active markets

Level 2 (L2) - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly

Level 3 (L3) - Unobservable inputs for which there is little or no market data, which require the Organization to develop its own assumptions

For assets that are measured at fair value on a recurring basis in periods after initial recognition, there were no transfers between Level 1 and 2, or transfers into and out of Level 3 during the years ended June 30, 2011 or 2010. If such transfers were to occur, they would be recognized as of the actual date of the event.

A description of valuation methodologies used for assets recorded at fair value is as follows (no changes in the years ended June 30, 2011 or 2010)

Money funds (L1) are valued at quoted market prices in an active market

GNOF Mutual funds (L2) are measured based on the values of the underlying investments

Corporate bonds (L2) fair value is provided by the brokerage firms where the securities are held. The brokerage firms use outside services to supply prices which are estimates based primarily on coupon rate and credit rating.

Common stocks (L1) are valued at quoted market prices in an active market

Promises to give (L3) are valued at net present value less any allowances. All promises to give are due within one year and therefore are not discounted.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2011 and 2010

NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)

As required by FASB ASC Topic 820, at June 30, 2011 and 2010, the Organization's portfolio investments were classified as follows, based on their fair values

	<u>Fair Value at June 30, 2011</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 924,077	\$ 924,077	\$ -	\$ -
Bonds				
Corporate	448,489	-	448,489	-
Government obligations	75,309	-	75,309	-
Municipal	<u>50,406</u>	<u>-</u>	<u>50,406</u>	<u>-</u>
	<u>574,204</u>	<u>-</u>	<u>574,204</u>	<u>-</u>
Money market accounts	95,927	95,927	-	-
Mutual funds	72,658	-	72,658	-
Unconditional promises to give	<u>517,293</u>	<u>-</u>	<u>-</u>	<u>517,293</u>
	<u>\$ 2,184,159</u>	<u>\$1,020,004</u>	<u>\$ 646,862</u>	<u>\$ 517,293</u>

The changes in unconditional promises to give measured at fair value for which Kingsley House has used Level 3 inputs to determine fair value are as follows

	<u>Unconditional promises to give</u>
Beginning balance	\$ 551,109
Cash receipts	(551,109)
Additional contributions	<u>517,293</u>
Ending balance	<u>\$ 517,293</u>

	<u>Fair Value at June 30, 2010</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities	\$ 815,645	\$ 815,645	\$ -	\$ -
Corporate Bonds	511,657	-	511,657	-
Money market accounts	48,965	48,965	-	-
Mutual funds	63,725	-	63,725	-
Unconditional promises to give	<u>551,109</u>	<u>-</u>	<u>-</u>	<u>551,109</u>
	<u>\$ 1,991,101</u>	<u>\$ 864,610</u>	<u>\$ 575,382</u>	<u>\$ 551,109</u>

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2011 and 2010

NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)

The changes in unconditional promises to give measured at fair value for which the Organization has used Level 3 inputs to determine fair value are as follows

	<u>Unconditional promises to give</u>
Beginning balance	\$ 536,962
Cash receipts	(536,962)
Additional contributions	<u>551,109</u>
Ending balance	<u>\$ 551,109</u>

NOTE 9 - LEASES

The Organization leases service facilities under the terms of annual renewal lease agreements accounted for as operating leases requiring monthly payments of \$2,680

Rent expense for the years ended June 30, 2011 and 2010 was \$35,505 and \$31,150, respectively

NOTE 10 - RETIREMENT PLAN

The Organization maintains a noncontributory defined contribution retirement plan for employees who have attained age 21 and have completed 18 months of service by January 1 or July 1 of the following year without going over a two year anniversary. Employees receive a 100% vested interest in all contributions by the Organization on their behalf. Contributions for the period July 1, 2010 through June 30, 2011 were based on 3.5% of plan participants' salaries. Total retirement plan expense was \$105,856 and \$92,028 for the years ended June 30, 2011 and 2010, respectively.

NOTE 11 - CONTINGENCIES

The Organization received a portion of its revenue from government grants, which are subject to audit by the respective funding source. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by such governmental units. Until such audits have been completed and final settlement is reached, there exists a contingency to refund any amount received in excess of allowance costs. Management is of the opinion that no material liability will result from any such audits.

KINGSLEY HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
For the Years Ended June 30, 2011 and 2010

NOTE 12 - COMMITMENTS

In 2002, the Organization signed a Cooperative Endeavor Agreement, as amended, with the Orleans Parish School Board which provided for the right of use of a tract of land by the Organization from the School Board. The right of use was for a term of 50 years, with an option by the Organization to renew for an additional 49 years. The right of use agreement required the Organization to build on the land by October 31, 2011. If construction did not take place by this date, the School Board may, at its option, terminate the agreement. Since no construction had begun, on October 12, 2011 the School Board informed the Organization that it has taken action to have the property declared as surplus. School Board officials stated that the School Board no longer wants to manage property, particularly on this site due to recent findings of lead contamination that was discovered when they were doing preparatory work for a temporary school campus on the site. There is the potential that the property could be put up for public auction or sale or that the Organization may be provided the opportunity to purchase the property.

NOTE 13 - BOARD OF DIRECTORS COMPENSATION

The Board of Directors of the Organization serves and directs the Organization on a voluntary basis. The Board does not receive compensation.

NOTE 14 - CONCENTRATION OF REVENUE

Approximately 65% and 9% of the Organization's revenues for the year ended June 30, 2011 came from State and Federal government programs and from the United Way, respectively. Approximately 64% and 10% of the Organization's revenues for the year ended June 30, 2010 came from State and Federal government programs and from the United Way, respectively.

NOTE 15 - COUNCIL ON AGING

Contracts with the New Orleans Council on Aging are as follows:

<u>Senior Center</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Revenues	\$ <u>39,131</u>	\$ <u>56,458</u>
Expenses		
Compensation and related expenses	\$ 36,999	\$ 45,130
Supplies	-	1,442
Operating services	<u>2,132</u>	<u>9,886</u>
Net	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

KINGSLEY HOUSE, INC.
SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES
IN ACCORDANCE WITH UNITED WAY REQUIREMENTS
(UNAUDITED)
Year Ended June 30, 2011

Total Revenues, Gains and Other Support per Statement of Activities	\$ 6,972,364
United Way Funding for the year	(551,109)
United Way Funding for next year	517,293
Unearned revenue-net	(78,862)
Gain on sale of stock	102,158
Unrealized gain on investments	160,493
Contributions	93,025
Investment income	(47,010)
Interest income	21,185
Other	<u>(1,722)</u>
	<u><u>\$(6,756,913)</u></u>

Reconciliation of total expenses is as follows

Total expenses per Statement of Activities	\$ 7,226,365
Depreciation	(370,131)
Professional fees	(9,699)
Other	<u>769</u>
	<u><u>\$ 6,857,304</u></u>

KINGSLEY HOUSE, INC.
SCHEDULE OF SUPPORT, REVENUES AND EXPENSES
IN ACCORDANCE WITH UNITED WAY REQUIREMENTS
(UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Agency Total</u>	<u>Supporting Services Management and General</u>	<u>Fund Raising</u>	<u>Total Program Services</u>
REVENUE				
	\$ 156,313	\$ -	\$ 41,660	\$ 114,653
Client Generated Self Support	4,523,062	-	7,500	4,515,562
Governmental Grants/Contracts	1,152,410	-	145,338	1,007,072
Other Foundations or National Grants	299,585	76,984	141,338	81,263
Other Revenue	6,131,370	76,984	335,836	5,718,550
TOTAL SELF-GENERATED REVENUE				
United Way Designation	24,037	-	24,037	-
CFC Designation	4,388	-	4,388	-
Other United Way Allocations	46,009	-	790	45,219
TOTAL REVENUE	6,205,804	76,984	365,051	5,763,769
United Way Allocation-GNO	551,109	-	-	551,109
GRAND TOTAL REVENUE	\$ 6,756,913	\$ 76,984	\$ 365,051	\$ 6,314,878
EXPENSES				
Salaries	\$ 4,239,841	\$ 553,458	\$ 55,005	\$ 3,631,378
Benefits	575,448	70,210	6,179	499,059
Taxes	410,675	52,116	5,365	353,194
Occupancy Expenses	465,793	77,990	5,637	382,166
Travel & Transportation	173,272	9,105	2,271	161,896
Office Supplies	253,336	60,278	8,487	184,571
Printing	3,035	1,302	-	1,733
Direct Assistance to Individuals	2,463	-	-	2,463
Other	723,440	72,758	11,244	639,438
GRAND TOTAL EXPENSES	\$ 6,847,304	\$ 897,217	\$ 94,188	\$ 5,855,899
NET DIFFERENCE	\$ (90,391)	\$ (820,233)	\$ 270,863	\$ 458,979
Depreciation	\$ 370,131	\$ 85,227	\$ -	\$ 284,903
Total Direct Program Expenses				\$ 5,855,899
Percentage of Total Program Expenses				
Distribution of M&G Expenses				
Grand Total Program Expenses				
Undup People Served				
Cost per Person				

Program Services

Early Headstart and Headstart	Educare	School Age Day Care/Youth	Adult Day Health Care	Health Care for All	Resettlement and Recovery Services	Other
\$ -	\$ -	\$ 91,166	\$ 23,487	\$ -	\$ -	\$ -
2,703,511	-	136,616	749,964	-	-	925,471
7,475	-	35,924	-	128,391	315,000	520,282
20	-	30,252	1,220	4,136	6,000	39,635
2,711,006		293,958	774,671	132,527	321,000	1,485,388
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	45,219
2,711,006	-	293,958	774,671	132,527	321,000	1,530,607
191,587	14,147	99,500	85,500	25,000	135,375	-
\$ 2,902,593	\$ 14,147	\$ 393,458	\$ 860,171	\$ 157,527	\$ 456,375	\$ 1,530,607
\$ 1,822,628	\$ 9,159	\$ 221,462	\$ 437,024	\$ 91,387	\$ 227,073	\$ 822,645
257,054	1,374	17,437	60,850	17,744	39,639	104,961
173,274	-	23,034	44,470	7,988	22,092	82,336
182,976	-	46,669	46,594	10,664	41,218	54,045
36,776	-	1,592	65,603	2,825	9,416	45,684
126,172	-	7,892	16,300	3,415	10,907	19,885
287	-	491	75	29	34	817
2,348	-	-	-	13	-	102
258,543	3,614	32,871	26,738	12,985	23,694	280,993
\$ 2,860,058	\$ 14,147	\$ 351,448	\$ 697,655	\$ 147,050	\$ 374,073	\$ 1,411,468
\$ 42,535	\$ 0	\$ 42,010	\$ 162,516	\$ 10,477	\$ 82,302	\$ 119,139
\$ 149,398	\$ -	\$ 76,204	\$ 31,312	\$ 9,101	\$ -	\$ 18,889
\$ 2,860,058	\$ 14,147	\$ 351,448	\$ 697,655	\$ 147,050	\$ 374,073	\$ 1,411,468
48.84%	0.24%	6.00%	11.91%	2.51%	6.39%	24.10%
\$ 438,206	\$ 2,168	\$ 53,847	\$ 106,892	\$ 22,530	\$ 57,314	\$ 216,259
\$ 3,298,264	\$ 16,314	\$ 405,296	\$ 804,546	\$ 169,580	\$ 431,387	\$ 1,627,727
632	n/a	401	108	1,171	878	n/a
\$ 5,219	n/a	\$ 1,011	\$ 7,450	\$ 145	\$ 491	n/a

**Independent Auditor's Reports on
*GOVERNMENT AUDITING STANDARDS AND
COMPLIANCE WITH OMB CIRCULAR A-133***

**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***

Independent Auditor's Report

Board of Directors
Kingsley House, Inc
New Orleans, Louisiana

We have audited the financial statements of Kingsley House, Inc (the "Organization"), as of and for the year ended June 30, 2011 and have issued our report thereon dated November 22, 2011. 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 the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its 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 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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 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*.

This report is intended solely for the information and use of the Audit Committee, management, the Board of Directors, the Legislative Auditor of the State of Louisiana, and federal 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.

Carr, Riggs & Ingram, LLC

November 22, 2011

**REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditor's Report

Board of Directors
Kingsley House, Inc
New Orleans, Louisiana

Compliance

We have audited the compliance of Kingsley House, Inc (the "Organization") with the types of compliance requirements described in the U S Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Organization's major federal 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 the Organization's management. Our responsibility is to express an opinion on the Organization'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 *Government Auditing Standards*, issued by the Comptroller General of the United States, and U S Office of Management and Budget Circular A-133. 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 the Organization'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 of the Organization's compliance with those requirements.

In our opinion, Kingsley House, 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, 2011.

Internal Control Over Compliance

The management of the Organization 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 the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 of the Audit Committee, management, Board of Directors, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to 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.

Carr, Riggs & Ingram, LLC

November 22, 2011

KINGSLEY HOUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
U S Department of Health and Human Services			
Passed-through Total Community Action, Inc			
Head Start Act			
Head Start*	93 600	06CH0473	\$ 1,362,384
Early Head Start*	93 600	06YC0521	890,455
Head Start – ARRA*	93 708		15,698
Early Head Start – ARRA*	93 709		<u>435,856</u>
			<u>2,704,393</u>
Passed-through Louisiana Department of Social Services.			
Social Services Block Grant			
Family Preservation*	93 667	TID4034	<u>347,325</u>
Total U S Department of Health and Human Services			<u>3,051,718</u>
U S Department of Agriculture			
Passed-through Louisiana Department of Education			
Child and Adult Care Food Program			
Preschool/Early Head Start/ School Age	10 558	CC93-432	<u>253,400</u>

(Continued)

KINGSLEY HOUSE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
U S Department of Justice			
Passed-through Louisiana Commission on Law Enforcement			
Crime Victim Assistance			
Youth	16 575	C09-9-009	\$ 32,683
Juvenile Justice and Delinquency Prevention	16 540	J09-9-002	<u>35,648</u>
			<u>68,331</u>
U S Department of Education			
Passed-through Louisiana Department of Education			
Twenty First Century Community Learning Center	84 287	662744	<u>38,683</u>
Total Expenditures of Federal Awards			<u>\$3,412,132</u>

* Identified as a major program

The accompanying footnotes are an integral part of this schedule

KINGSLEY HOUSE, INC.
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

NOTE A - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization 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.

KINGSLEY HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

A. SUMMARY OF AUDITOR’S RESULTS

- The Independent Auditor’s Report expresses an unqualified opinion on the financial statements of Kingsley House, Inc (the “Organization”)
- No significant deficiencies in internal control over financial reporting are reported in the *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*
- No instances of noncompliance material to the financial statements of Kingsley House, Inc are reported in the *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*
- No significant deficiencies relating to the audit of the major federal award programs are reported in the *Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133*
- There were no findings that are required to be reported under Section 501(a) of OMB Circular A-133
- A management letter was not issued for the year ended June 30, 2011
- The programs tested as major programs for the fiscal year ended June 30, 2011 were

Department of Health and Human Services	
<u>Program Title</u>	<u>CFDA No</u>
Head Start	93 600
Early Head Start	93 600
Head Start - ARRA	93 708
Early Head Start - ARRA	93 709

- The threshold for distinguishing between Type A and Type B programs was \$300,000
- Kingsley House, Inc was determined to be a low-risk auditee

KINGSLEY HOUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011

B. SCHEDULE OF FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2011

C. SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no findings related to federal awards for the year ended June 30, 2011

KINGSLEY HOUSE, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2010

SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

There were no findings related to federal awards for the year ended June 30, 2010

SECTION III - MANAGEMENT LETTER

No management letter was issued for the year ended June 30, 2010

**KINGSLEY HOUSE, INC.
CORRECTIVE ACTION PLAN
Year Ended June 30, 2010**

There were no findings for the year ended June 30, 2010, therefore, no corrective action plan from management is required