

**RESPONSIBILITY HOUSE**

**FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**June 30, 2007**

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 4/16/08

**CASCIO & SCHMIDT, LLC**  
**Certified Public Accountants**

## RESPONSIBILITY HOUSE

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# CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors  
Responsibility House

We have audited the accompanying statement of financial position of Responsibility House (a nonprofit corporation) as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Responsibility House's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Responsibility House's 2006 financial statements and in our report dated May 10, 2007, we 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 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 Responsibility House as of June 30, 2007, and the changes in 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 a report dated November 30, 2007, on our consideration of Responsibility House'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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Responsibility House taken as a whole. The accompanying combined statement of activities is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is required by the 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 examination 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.

*Cascio & Schmidt, PLLC.*

Metairie, Louisiana  
November 30, 2007

**RESPONSIBILITY HOUSE**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2007**

	<u>ASSETS</u>	<u>MEMORANDUM ONLY</u> <u>JUNE 30, 2006</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 22,967	\$ 73,563
Grants receivable (Note B)	185,779	105,502
Prepaid expenses	<u>5,629</u>	<u>4,138</u>
Total current assets	214,375	183,203
<b>PROPERTY AND EQUIPMENT (Notes A-4)</b>		
Automotive equipment	117,235	81,302
Electronic equipment	14,386	14,386
Furniture and appliances	<u>5,923</u>	<u>5,923</u>
	137,544	101,611
Less accumulated depreciation	<u>101,362</u>	<u>94,854</u>
	36,182	6,757
<b>OTHER ASSETS</b>		
Deposits	<u>1,026</u>	<u>1,026</u>
Total assets	<u>\$ 251,583</u>	<u>\$ 190,986</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Note payable, bank	\$ 35,000	\$ -
Accounts payable and accrued liabilities	46,909	49,594
Deferred revenue	<u>-</u>	<u>11,275</u>
Total current liabilities	81,909	60,869
Total liabilities	81,909	60,869
<b>COMMITMENTS ( Note C)</b>		
	-	-
<b>NET ASSETS (Note A)</b>		
Unrestricted	169,674	130,117
Temporarily restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>169,674</u>	<u>130,117</u>
Total liabilities and net assets	<u>\$ 251,583</u>	<u>\$ 190,986</u>

The accompanying notes are an integral part of this statement.

**RESPONSIBILITY HOUSE**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2007**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>MEMORANDUM ONLY JUNE 30, 2006</u>
<b>REVENUES</b>				
Grants (Note B)	\$ -	\$ 1,561,103	\$ 1,561,103	\$ 909,467
Client service fees	108,333	-	108,333	62,674
Other	15,479	-	15,479	149,657
Net assets released from restriction	<u>1,561,103</u>	<u>(1,561,103)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,684,915</u>	<u>-</u>	<u>1,684,915</u>	<u>1,121,798</u>
<b>EXPENSES</b>				
Personnel services	855,748	-	855,748	476,895
Related benefits	87,787	-	87,787	47,532
Travel	31,761	-	31,761	14,115
Operating services	184,051	-	184,051	121,559
Supplies	87,715	-	87,715	48,754
Professional services	37,938	-	37,938	24,524
Occupancy	283,600	-	283,600	209,775
Transportation	32,827	-	32,827	19,418
Depreciation	6,508	-	6,508	9,893
Equipment	36,508	-	36,508	37,451
Other	<u>915</u>	<u>-</u>	<u>915</u>	<u>12,270</u>
Total Expenses	<u>1,645,358</u>	<u>-</u>	<u>1,645,358</u>	<u>1,022,186</u>
<b>INCREASE IN NET ASSETS</b>	39,557	-	39,557	99,612
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>130,117</u>	<u>-</u>	<u>130,117</u>	<u>30,505</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 169,674</u>	<u>\$ -</u>	<u>\$ 169,674</u>	<u>\$ 130,117</u>

The accompanying notes are an integral part of this statement.

**RESPONSIBILITY HOUSE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2007**

	<u>Program Services</u>	<u>Management And General</u>	<u>Total</u>
Personnel service	\$ 852,638	\$ 3,110	\$ 855,748
Related benefits	84,818	2,969	87,787
Travel	14,849	16,912	31,761
Operating services	144,594	39,457	184,051
Supplies	74,962	12,753	87,715
Professional services	37,639	299	37,938
Occupancy	279,750	3,850	283,600
Transportation	31,986	841	32,827
Depreciation	-	6,508	6,508
Equipment	32,052	4,456	36,508
Other	-	915	-915
	<u>\$ 1,553,288</u>	<u>\$ 92,070</u>	<u>\$ 1,645,358</u>

The accompanying notes are an integral part of this statement.

**RESPONSIBILITY HOUSE**  
**STATEMENT OF CASH FLOWS**  
Year Ended June 30, 2007

Increase (Decrease) in Cash and  
Cash Equivalents

**MEMORANDUM  
ONLY  
JUNE 30, 2006**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Grant revenue	\$ 1,469,551	\$ 870,496
Client service fees	108,333	62,674
Other	<u>15,479</u>	<u>149,657</u>
	1,593,363	1,082,827
Payments to employees and suppliers	(1,642,109)	( 951,337)
Interest expense	<u>( 917)</u>	<u>( 4,020)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>( 49,663)</b>	<b>127,470</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	<u>( 35,933)</u>	<u>-</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>( 35,933)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from line of credit loan	35,000	-
Payments on line of credit loan	<u>-</u>	<u>( 56,678)</u>
<b>NET CASH (USED) BY FINANCING ACTIVITIES</b>	<b><u>35,000</u></b>	<b><u>( 56,678)</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>( 50,596)</b>	<b>70,792</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>73,563</u></b>	<b><u>2,771</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ <u>22,967</u></b>	<b>\$ <u>73,563</u></b>

The accompanying notes are an integral part of this statement.

**RESPONSIBILITY HOUSE**  
**STATEMENT OF CASH FLOWS**  
Year Ended June 30, 2007

**RECONCILIATION OF INCREASE IN  
NET ASSETS TO NET CASH PROVIDED  
BY OPERATING ACTIVITIES**

**MEMORANDUM  
ONLY  
JUNE 30, 2006**

Increase in net assets	\$ <u>39,557</u>	\$ <u>99,612</u>
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	6,508	9,893
(Increase) Decrease in operating assets:		
Grants receivable	(80,277)	( 38,971)
Prepaid expenses	( 1,491)	608
Deposits	-	514
Increase (decrease) in accounts payable and accrued expenses	( 2,685)	43,614
(Decrease) in deferred revenue	(11,275)	-
Disposition of furniture and equipment	<u>-</u>	<u>12,200</u>
Total adjustments	<u>(89,220)</u>	<u>27,858</u>

**NET CASH PROVIDED(USED) BY OPERATING  
ACTIVITIES**

<u>\$ (49,663)</u>	<u>\$ 127,470</u>
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The accompanying notes are an integral part of this statement.

**RESPONSIBILITY HOUSE**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2007**

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follow.

**1. Nature of Activities**

Responsibility House is a private, non-profit corporation. Responsibility House operates a halfway house and three quarterway house program, a supportive housing program, and a social detoxification program. The accompanying financial statements present all programs operated by Responsibility House during the year ended June 30, 2007.

**2. Presentation of Financial Statements**

The Corporation's financial statements are presented in accordance with the requirements established by the Financial Accounting Standards No. 117, Financial Statements of "Not-For-Profit Organizations." Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets. There are no permanently restricted net assets.

Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class.

**3. Revenue Recognition**

Grant revenue is recognized as it is earned in accordance with approved contracts. Contributions are recognized as income in the period received and is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, also when grant services are performed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions."

**4. Property and Equipment**

Property and equipment acquired by Responsibility House are considered to be owned by Responsibility House. However, State and Federal funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

Donations of property and equipment are recorded as support at their estimated fair value. 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.

Responsibility House follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$5,000. Depreciation is computed using the straight-line basis over the useful lives of the assets, generally as follows:

Automotive equipment	4 years
Furniture, equipment and appliances	5 - 7 years

Depreciation amounted to \$6,508 for the year ended June 30, 2007.

# RESPONSIBILITY HOUSE

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2007

### NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

**5. Income Taxes**

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

**6. Estimates**

The preparation of financial statement 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.

**7. Fair Values of Financial Instruments**

The carrying amounts of cash and cash equivalents reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

**8. Cash Equivalents**

For the purpose of the statement of cash flows, the Corporation considers all investments with original maturities of three months or less to be cash equivalents.

**9. Grants Receivable**

The corporation considers accounts receivable to be fully collectible since the balance consists of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

**10. Functional Allocation of Expense**

The expenses of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Certain of those expenses have been allocated among the program and supporting services benefitted based on estimates by management of the costs involved.

**11. Total Columns - Overview**

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

# RESPONSIBILITY HOUSE

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2007

### NOTE B - GRANTS RECEIVABLE AND REVENUE

Grants receivable and grant revenue at June 30, 2007, are as follows:

	<u>Grants receivable</u>	<u>Grant revenue for the year</u>
Jefferson Parish Human Services Authority		
Primary Treatment Program	\$ 10,753	\$ 103,122
Independent Living Program	8,740	84,470
Social Detoxification Program	12,634	183,153
Mobile Treatment Program	58,830	654,235
HUD		
Supportive Housing Program - 2005	28,778	333,450
HOPWA	18,439	43,439
Community Development Block Grant	1,972	18,690
Baptist Community Ministries	-	45,100
Advocacy Center	-	28,028
Qatar	8,333	13,579
Unity of Greater New Orleans		
Shelter Plus Care	<u>29,980</u>	<u>29,980</u>
Samaritan Project	<u>7,320</u>	<u>23,857</u>
	<u>\$ 185,779</u>	<u>\$ 1,561,103</u>

Matching requirements:

The cash match for the Supportive Housing Program is as follows:

Supportive Services category

CDBG funds	\$ 20,427
Responsibility House funds	<u>10,641</u>
	<u>\$ 31,068</u>

Operations category:

CDBG funds	\$ 6,809
Responsibility House funds	<u>4,951</u>
	<u>\$ 11,760</u>

## RESPONSIBILITY HOUSE

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2007

#### NOTE C - OPERATING LEASE COMMITMENTS

The Corporation has operating leases for the residential treatment program and the administrative office. Responsibility House also makes rental payments for client occupied apartments, which are leased directly by the clients. The leases expire in June 2011, and September 2012. Rental expense for the year is as follows:

	<u>Client occupied apartments</u>	<u>Office</u>	<u>Total</u>
Jefferson Parish Human Services Authority	\$ 25,600	\$ 16,167	\$ 41,767
HOPWA	7,550	1,000	8,550
HUD - SHP	158,881	16,317	175,198
Client service fees	550	2,434	2,984
Baptist Community Ministries	-	5,140	5,140
Advocacy Center	-	1,200	1,200
Unity of Greater New Orleans	<u>48,761</u>	<u>-</u>	<u>48,761</u>
	<u>\$ 241,342</u>	<u>\$ 42,258</u>	<u>\$ 283,600</u>

Future minimum lease payments are as follows:

Fiscal year ending:

June 30, 2008	\$ 68,273
June 30, 2009	66,960
June 30, 2010	66,960
June 30, 2011	66,960
June 30, 2012	66,960
Thereafter	<u>6,240</u>
	<u>\$ 342,353</u>

#### NOTE D - BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member.

# RESPONSIBILITY HOUSE

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2007

### NOTE E - ECONOMIC DEPENDENCY

The Corporation received the majority of its revenue from funds provided through grants administered by the federal government and the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

The corporation is supported primarily through government grants. Approximately 90% of the corporation's support for the year ended June 30, 2007 came from government grants.

**SUPPLEMENTAL INFORMATION**

**RESPONSIBILITY HOUSE**  
**COMBINED STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2007**

	<b>JPHSA Primary Treatment</b>	<b>JPHSA Independent Living</b>	<b>JPHSA Social Detox</b>	<b>JPHSA Mobile Treatment</b>
<b>REVENUE</b>				
Grant appropriations	\$ 103,122	\$ 84,470	\$ 183,153	\$ 654,235
Client service fees	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenue</b>	<b><u>103,122</u></b>	<b><u>84,470</u></b>	<b><u>183,153</u></b>	<b><u>654,235</u></b>
<b>EXPENSES</b>				
Personnel services	59,721	49,710	145,921	418,162
Related benefits	5,831	4,414	12,614	44,008
Travel	1,298	-	1,704	4,522
Operating services	14,151	11,416	6,401	57,346
Supplies	7,111	6,138	13,519	28,072
Professional services	1,291	1,388	7,261	18,014
Occupancy	13,200	14,124	-	14,443
Transportation	395	122	2,438	19,779
Depreciation	-	-	-	-
Equipment	1,500	522	2,558	14,403
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenses</b>	<b><u>104,498</u></b>	<b><u>87,834</u></b>	<b><u>192,416</u></b>	<b><u>618,749</u></b>
Excess of Revenue or (Expenses)	( 1,376)	( 3,364)	( 9,263)	35,486
Equipment capitalized	-	-	-	( 35,933)
Transfers to/from Management and General	<u>1,376</u>	<u>3,364</u>	<u>9,263</u>	<u>447</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

## RESPONSIBILITY HOUSE

### COMBINED STATEMENT OF ACTIVITIES - Continued

Year Ended June 30, 2007

	<u>HUD Supportive Housing-2005</u>	<u>HOPWA</u>	<u>Community Development Block Grant</u>	<u>Samaritan Project</u>
<b>REVENUE</b>				
Grant appropriations	\$ 333,450	\$ 43,439	\$ 18,690	23,857
Client service fees	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenue</b>	<b><u>333,450</u></b>	<b><u>43,439</u></b>	<b><u>18,690</u></b>	<b><u>23,857</u></b>
<b>EXPENSES</b>				
Personnel services	111,994	19,639	8,373	-
Related benefits	9,217	2,114	1,261	-
Travel	2,371	361	1,740	-
Operating services	11,602	4,201	2,550	4,868
Supplies	9,737	5,452	1,520	-
Professional services	25	-	1,698	-
Occupancy	174,333	8,550	-	19,011
Transportation	6,364	-	990	-
Depreciation	-	-	-	-
Equipment	8,825	3,304	566	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenses</b>	<b><u>334,468</u></b>	<b><u>43,621</u></b>	<b><u>18,698</u></b>	<b><u>23,879</u></b>
Excess of Revenue or (Expenses)	( 1,018)	( 182)	( 8)	( 22)
Equipment capitalized	-	-	-	-
Transfers to/from Management and General	<u>1,018</u>	<u>182</u>	<u>8</u>	<u>22</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

## RESPONSIBILITY HOUSE

### COMBINED STATEMENT OF ACTIVITIES - Continued

Year Ended June 30, 2007

	<u>Shelter Plus Care</u>	<u>Baptist Community Ministeries</u>	<u>Advocacy Center</u>	<u>Qatar</u>
<b>REVENUE</b>				
Grant appropriations	\$ 29,980	\$ 45,100	\$ 28,028	\$ 13,579
Client service fees	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Revenue</b>	<b><u>29,980</u></b>	<b><u>45,100</u></b>	<b><u>28,028</u></b>	<b><u>13,579</u></b>
<b>EXPENSES</b>				
Personnel services	-	18,634	20,061	423
Related benefits	-	3,792	1,535	32
Travel	-	2,853	-	-
Operating services	-	13,104	1,794	17,161
Supplies	231	3,008	174	-
Professional services	-	7,618	344	-
Occupancy	29,749	5,140	1,200	-
Transportation	-	281	1,617	-
Depreciation	-	-	-	-
Equipment	-	-	-	374
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenses</b>	<b><u>29,980</u></b>	<b><u>54,430</u></b>	<b><u>26,725</u></b>	<b><u>17,990</u></b>
Excess of Revenue or (Expenses)	-	( 9,330)	1,303	( 4,411)
Equipment capitalized	-	-	-	-
Transfers to/from Management and general	<u>-</u>	<u>9,330</u>	<u>( 1,303)</u>	<u>4,411</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>				
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## RESPONSIBILITY HOUSE

### COMBINED STATEMENT OF ACTIVITIES - Continued

Year Ended June 30, 2007

	<u>Total Grants</u>	<u>Property and Equipment</u>	<u>Management and General</u>	<u>Total</u>
<b>REVENUE</b>				
Grant appropriations	\$ 1,561,103	\$ -	\$ -	\$ 1,561,103
Client service fees	-	-	108,333	108,333
Other	<u>-</u>	<u>-</u>	<u>15,479</u>	<u>15,479</u>
<b>Total Revenue</b>	<u>1,561,103</u>	<u>-</u>	<u>123,812</u>	<u>1,684,915</u>
<b>EXPENSES</b>				
Personnel services	852,638	-	3,110	855,748
Related benefits	84,818	-	2,969	87,787
Travel	14,849	-	16,912	31,761
Operating services	144,594	-	39,457	184,051
Supplies	74,962	-	12,753	87,715
Professional services	37,639	-	299	37,938
Occupancy	279,750	-	3,850	283,600
Transportation	31,986	-	841	32,827
Depreciation	-	6,508	-	6,508
Equipment	32,052	-	4,456	36,508
Other	<u>-</u>	<u>-</u>	<u>915</u>	<u>915</u>
<b>Total expenses</b>	<u>1,553,288</u>	<u>6,508</u>	<u>85,562</u>	<u>1,645,358</u>
Excess of Revenue or (Expenses)	7,815	( 6,508)	38,250	39,557
Equipment Capitalized	( 35,933)	35,933	-	-
Transfers to/from Management and general	<u>28,118</u>	<u>-</u>	<u>( 28,118)</u>	<u>-</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	-	29,425	10,132	39,557
Net assets, beginning of year	<u>-</u>	<u>6,757</u>	<u>123,360</u>	<u>130,117</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 36,182</u>	<u>\$ 133,492</u>	<u>\$ 169,674</u>

# RESPONSIBILITY HOUSE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2007

<u>PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
Passed through State of Louisiana Department of Health and Hospitals: Mobile Treatment/Support Teams	93.667	\$ 654,235
Passed through Unity of Greater New Orleans Shelter Plus Care	93.959	<u>29,980</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>684,215</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Supportive Housing Program-2005	14.235	333,450
Passed through City of New Orleans HOPWA - 015H	14.241	43,439
Passed through Jefferson Parish Department of Community Development CDBG Grant	14.218	18,690
Passed through Unity of Greater New Orleans Samaritan Project for the Chronically Homeless	14.235	<u>23,857</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>419,436</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
Passed through Advocacy Center Public Assistance Grant	97.036	<u>28,028</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY		<u>28,028</u>
TOTAL FEDERAL AWARDS		\$ <u>1,131,679</u>

### NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Presentation of Financial Statements

The accompanying schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. Federal direct programs are identified by Federal Agency. Federal pass-through funds are presented by the entity through which the organization received the federal financial assistance.

- B. The matching contributions for the Supportive Housing Program - 2005 for the year ended June 30, 2007 totaled \$42,828.

# CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Responsibility House

We have audited the financial statements of Responsibility House (a nonprofit corporation) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 30, 2007. 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 Responsibility House'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 Responsibility House's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Responsibility House'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 entity's financial statements 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 a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

As part of obtaining reasonable assurance about whether Responsibility House's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 for the information and use of the audit committee, management, others within the organization, the Louisiana Legislative Auditor, 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.

*Carriso + Schmiel, PLLC.*

Metairie, Louisiana  
November 30, 2007

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

To the Board of Directors  
Responsibility House

#### Compliance

We have audited the compliance of Responsibility House 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, 2007. Responsibility House'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 requirement of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Responsibility House's management. Our responsibility is to express an opinion on Responsibility House's compliance based on our audit.

We conduct 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 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 Responsibility House'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 Responsibility House's compliance with those requirements.

In our opinion, Responsibility House 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, 2007.

#### Internal Control Over Compliance

The management of Example Entity is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Responsibility House's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Responsibility House'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 audit committee, management, Board of Directors, others within the entity, the Louisiana Legislative Auditor, 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.

*Cascio & Schmitt, LLP.*

Metairie, Louisiana  
November 30, 2007

# RESPONSIBILITY HOUSE

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2007

### A. SUMMARY OF THE AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Responsibility House.
2. The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether such conditions were material weaknesses is not applicable.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of the auditee.
4. The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether such conditions were material weaknesses is not applicable.
5. The auditor's report on compliance for the major federal award programs for Responsibility House expresses an unqualified opinion on all major federal programs.
6. The audit disclosed no findings which are required to be reported under Section 510 (a) of OMB Circular A-133.
7. The programs tested as major programs included:
  - U. S. Department of Health and Human Services  
Passed through State of Louisiana - Department of Health and Hospitals:  
Mobile Treatment /Support Teams (CFDA #93.667)
  - U. S. Department of Housing and Urban Development  
Supportive Housing Program - 2005 (CFDA #14.235)
8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. Responsibility House did not qualify as a low-risk auditee.

### B. FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended June 30, 2007.

### C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no items identified in the course of my testing during the current year required to be reported.

### D. STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.