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RESPONSIBILITY HOUSE
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
June 30, 2003

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

Release Date 2-11-04

CASCIO, DAVIS & SCHMIDT, LLP
Certified Public Accountants

RESPONSIBILITY HOUSE

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CD&S

CASCIO, DAVIS & SCHMIDT, LLP

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
JAN E. DAVIS, CPA
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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, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, 2003, 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 December 26, 2003, 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 grants. 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 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. 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, Davis & Schmidt, L.L.C.

Metairie, Louisiana
December 26, 2003

RESPONSIBILITY HOUSE
STATEMENT OF FINANCIAL POSITION

June 30, 2003

ASSETS

CURRENT ASSETS

Cash	\$	12,576
Grants receivable (Note B)		45,629
Prepaid expenses		<u>4,746</u>

Total current assets		\$ 62,951
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PROPERTY AND EQUIPMENT (Notes A-4)

Automotive equipment		96,002
Furniture, equipment and appliances		83,932
Leasehold improvements		<u>1,442</u>
		181,376
Less accumulated depreciation		<u>105,430</u>

75,946

OTHER ASSETS

Deposits		<u>1,540</u>
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1,540

Total assets		\$ <u>140,437</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Note payable, bank	\$	25,000
Accounts payable		1,457
Equipment obligations		<u>5,649</u>
Total current liabilities		32,106

Total liabilities		32,106
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NET ASSETS (Note A)

Unrestricted		58,556
Temporarily restricted		<u>49,775</u>

Total Net Assets		<u>108,331</u>
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Total liabilities and net assets		\$ <u>140,437</u>
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The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2003

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES			
Grants (Note B)	\$ -	\$ 602,611	\$ 602,611
Client service fees	70,093	-	70,093
Other	3,607	-	3,607
Net assets released from restriction	<u>624,949</u>	<u>(624,949)</u>	<u>-</u>
Total Revenues	<u>698,649</u>	<u>(22,338)</u>	<u>676,311</u>
EXPENSES			
Personal services	382,709	-	382,709
Related benefits	36,324	-	36,324
Travel	7,944	-	7,944
Operating services	91,295	-	91,295
Supplies	37,877	-	37,877
Professional services	17,224	-	17,224
Occupancy	107,887	-	107,887
Transportation	11,689	-	11,689
Other	1,378	-	1,378
Depreciation	<u>33,223</u>	<u>-</u>	<u>33,223</u>
Total Expenses	<u>727,550</u>	<u>-</u>	<u>727,550</u>
INCREASE (DECREASE) IN NET ASSETS	(28,901)	(22,338)	(51,239)
NET ASSETS, BEGINNING OF YEAR	<u>87,457</u>	<u>72,113</u>	<u>159,570</u>
NET ASSETS, END OF YEAR	\$ <u>58,556</u>	\$ <u>49,775</u>	\$ <u>108,331</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES		
Grant revenue	\$ 631,037	
Client service fees	70,093	
Other	<u>3,607</u>	
	704,737	
Payments to employees and suppliers	(698,540)	
Interest expense	<u>(1,400)</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ 4,797
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(7,684)</u>	
NET CASH USED IN INVESTING ACTIVITIES		(7,684)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on vehicle loan	(4,804)	
Proceeds from line of credit loan	40,000	
Payments on line of credit loan	<u>(25,000)</u>	
NET CASH PROVIDED BY FINANCING ACTIVITIES		<u>10,196</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		7,309
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>5,267</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		\$ <u>12,576</u>
RECONCILIATION OF DECREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Decrease in net assets		\$ (51,239)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	\$ 33,223	
(Increase) Decrease in operating assets:		
Grants receivable	28,426	
Prepaid expenses	611	
Decrease - Accounts payable	<u>(6,224)</u>	
Total adjustments		<u>56,036</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ <u>4,797</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS

June 30, 2003

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, 2003.

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 reclassified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

The accompanying financial statements are presented on the accrual basis of accounting.

3. 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.

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. The

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2003

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Property and Equipment - continued

State and Federal governments have a reversionary interest in those assets purchased with its funds which have a cost of \$250 or more.

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 \$250. 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
Leasehold improvements	51	months

Depreciation amounted to \$33,223 for the year ended June 30, 2003.

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. Revenue Recognition

Grant revenue is recognized as it is earned in accordance with approved contracts. All other revenues are recognized as received.

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.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2003

NOTE B - GRANTS RECEIVABLE AND REVENUE

Grants receivable and grant revenue at June 30, 2003, are as follows:

	<u>Grants receivable</u>	<u>Grant revenue for the year</u>
Jefferson Parish Human Services Authority		
Primary Treatment Program	\$ 1,856	\$ 94,762
Independent Living Program	-	78,488
Social Detoxification Program	2,351	159,342
HUD		
Supportive Housing Program - 2002	9,522	151,735
Supportive Housing Program - 2003	8,428	8,428
HOPWA	18,472	33,462
Community Development Block Grant	-	4,394
Baptist Community Ministries	<u>5,000</u>	<u>72,000</u>
	<u>\$ 45,629</u>	<u>\$ 602,611</u>

Matching requirements:

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

Supportive Services category

CDBG funds	\$ 4,394
Responsibility House funds	<u>14,121</u>
	<u>\$ 18,515</u>

Operations category - \$5,932 met by Responsibility House.

All receivables at June 30, 2003 are considered collectible, accordingly, an allowance for doubtful accounts is not presented.

NOTE C - OPERATING LEASE COMMITMENT

The Corporation has an operating lease, for the residential treatment program, expiring June 30, 2003. The rental is \$3,600 monthly through June 30, 2003. The corporation also makes lease payments for client occupied apartments and an office for the HUD Supportive Housing Program. Rental expense for the year is as follows:

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2003

NOTE C - OPERATING LEASE COMMITMENT - Continued

	<u>Client occupied apartments</u>	<u>Office</u>	<u>Total</u>
Jefferson Parish Human Services Authority	\$ 30,600	\$ 1,350	\$ 31,950
HOPWA	6,300	1,350	7,650
HUD - SHP	50,880	9,907	60,787
Client service fees	<u>6,600</u>	<u>900</u>	<u>7,500</u>
	\$ <u>94,380</u>	\$ <u>13,507</u>	\$ <u>107,887</u>

NOTE D - BOARD OF DIRECTORS' COMPENSATION

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

NOTE E - ECONOMIC DEPENDENCY

The Corporation receives a substantial amount of its revenue from funds provided through grants administered by the State of Louisiana. The grant amounts are appropriated each year by the State of Louisiana. If significant budget cuts are made at the State level, the amount of the funds the organization receives could be reduced significantly and have an adverse impact on its operation. 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 organization will receive in the next fiscal year.

SUPPLEMENTAL INFORMATION

RESPONSIBILITY HOUSE
COMBINED STATEMENT OF ACTIVITIES
Year Ended June 30, 2003

	<u>JPHSA Primary Treatment</u>	<u>JPHSA Independent Living</u>	<u>JPHSA Social Detox</u>	<u>HUD Supportive Housing-2002</u>
REVENUE				
Grant appropriations	\$ 94,762	\$ 78,488	\$ 159,342	\$ 151,735
Client service fees	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>94,762</u>	<u>78,488</u>	<u>159,342</u>	<u>151,735</u>
EXPENSES				
Personal services	62,572	38,398	145,714	63,235
Related benefits	5,401	5,626	13,407	5,514
Travel	3,106	1,030	2,234	144
Operating services	28,036	10,973	18,351	16,030
Supplies	4,360	7,175	5,804	3,371
Professional services	1,455	3,567	1,258	3,290
Occupancy	17,550	14,400	-	60,087
Transportation	649	117	3,424	4,164
Other	870	5	31	463
Depreciation	<u>-</u>	<u>-</u>	<u>6,638</u>	<u>-</u>
Total expenses	<u>123,999</u>	<u>81,291</u>	<u>196,861</u>	<u>156,298</u>
Excess of Revenue or (Expenses)	(29,237)	(2,803)	(37,519)	(4,563)
Capital Acquisitions Capitalized	(855)	-	(2,114)	(485)
Transfers to/from Management and General	<u>30,092</u>	<u>2,803</u>	<u>39,633</u>	<u>5,048</u>
INCREASE (DECREASE) IN NET ASSETS	-	-	-	-
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>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

RESPONSIBILITY HOUSE

COMBINED STATEMENT OF ACTIVITIES - Continued

Year Ended June 30, 2003

	<u>HUD Supportive Housing-2003</u>	<u>HOPWA</u>	<u>Community Development Block Grant</u>
REVENUE			
Grant appropriations	\$ 8,428	\$ 33,462	\$ 4,394
Client service fees	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>8,428</u>	<u>33,462</u>	<u>4,394</u>
EXPENSES			
Personal services	5,453	17,569	6,777
Related benefits	431	1,721	583
Travel	100	814	-
Operating services	961	9,866	894
Supplies	-	8,789	-
Professional services	-	1,920	-
Occupancy	700	7,650	-
Transportation	482	1,013	-
Other	-	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>8,127</u>	<u>49,342</u>	<u>8,254</u>
Excess of Revenue or (Expenses)	301	(15,880)	(3,860)
Capital Assets Capitalized	-	(2,942)	-
Transfers to/from Management and General	(<u>301</u>)	<u>15,594</u>	<u>3,860</u>
INCREASE (DECREASE) IN NET ASSETS	<u>-</u>	<u>(3,228)</u>	<u>-</u>
Net assets, beginning of year	<u>-</u>	<u>3,228</u>	<u>-</u>
Net assets, end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

RESPONSIBILITY HOUSE

COMBINED STATEMENT OF ACTIVITIES - Continued

Year Ended June 30, 2003

	<u>Baptist Community Ministeries</u>	<u>Total Grants</u>	<u>Management and General</u>	<u>Total</u>
REVENUE				
Grant appropriations	\$ 72,000	\$ 602,611	\$ -	\$ 602,611
Client service fees	-	-	70,093	70,093
Other	<u>-</u>	<u>-</u>	<u>3,607</u>	<u>3,607</u>
Total Revenue	<u>72,000</u>	<u>602,611</u>	<u>73,700</u>	<u>676,311</u>
EXPENSES				
Personal services	33,439	373,157	9,552	382,709
Related benefits	2,917	35,600	724	36,324
Travel	194	7,622	322	7,944
Operating services	4,082	89,193	2,102	91,295
Supplies	7,367	36,866	1,011	37,877
Professional services	5,734	17,224	-	17,224
Occupancy	-	100,387	7,500	107,887
Transportation	1,669	11,518	171	11,689
Other	9	1,378	-	1,378
Depreciation	<u>-</u>	<u>6,638</u>	<u>26,585</u>	<u>33,223</u>
Total expenses	<u>55,411</u>	<u>679,583</u>	<u>47,967</u>	<u>727,550</u>
Excess of Revenue or (Expenses)	16,589	(76,972)	25,733	(51,239)
Capital Acquisitions Capitalized	(1,288)	(7,684)	7,684	-
Transfers to/from Management and general	<u>(18,283)</u>	<u>(78,446)</u>	<u>(78,446)</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	(2,982)	(6,210)	(45,029)	(51,239)
Net assets, beginning of year	<u>2,982</u>	<u>6,210</u>	<u>153,360</u>	<u>159,570</u>
Net assets, end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>108,331</u>	\$ <u>108,331</u>

FRANCIS J. CASCIO, CPA
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING 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, 2003, and have issued our report thereon dated December 26, 2003. 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.

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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Responsibility House's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected

within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, others within the organization, 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.

Cascio, Davis & Schmidt, LLP.

Metairie, Louisiana
December 26, 2003

RESPONSIBILITY HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2003

AUDIT FINDINGS

There were no prior year or current year audit findings.

QUESTIONED COSTS

There were no questioned costs.

MANAGEMENT LETTER

A management letter was not issued for the year ended June 30, 2003.