

RESPONSIBILITY HOUSE

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

June 30, 2022

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

RESPONSIBILITY HOUSE

TABLE OF CONTENTS

	PAGE
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7 - 8
Notes to Financial Statements	9 - 14
SUPPLEMENTAL INFORMATION	
Combined Statement of Activities	16 - 18
Schedule of Compensation, Benefits and Other Payments To Agency Head or Chief Executive Director	19
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	20 - 21
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	22 - 23
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	24 - 26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	27

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Responsibility House (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Responsibility House and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Responsibility House's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Responsibility House's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Responsibility House's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Responsibility House's financial statements, and our report dated December 22, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information which includes the combined statement of activities and schedule of compensation, benefits and other payments to agency head or chief executive officer, is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental information and schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022, 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 effectiveness of Responsibility House's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Responsibility House's internal control over financial reporting and compliance.

Cassio + Schmidt, LLC.

Metairie, Louisiana
November 18, 2022

RESPONSIBILITY HOUSE
STATEMENT OF FINANCIAL POSITION

June 30, 2022

	<u>ASSETS</u>	Summarized Comparative Information <u>June 30, 2021</u>
CURRENT ASSETS		
Cash	\$ 739,525	\$ 183,314
Grants and Medicaid fees receivable (Note C)	<u>341,811</u>	<u>355,964</u>
Total current assets	1,081,336	539,278
PROPERTY AND EQUIPMENT (Notes A-5)		
Automotive equipment	216,730	216,730
Office equipment	19,719	19,719
Furniture and appliances	<u>5,717</u>	<u>5,717</u>
	242,166	242,166
Less accumulated depreciation	<u>222,702</u>	<u>197,486</u>
	19,464	44,680
OTHER ASSETS		
Deposits	<u>10,613</u>	<u>10,613</u>
Total assets	<u>\$ 1,111,413</u>	<u>\$ 594,571</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 79,738	\$ 73,686
Note payable (Note D)	-	50,000
Total current liabilities	<u>79,738</u>	<u>123,686</u>
LONG-TERM LIABILITIES		
Note payable, Disaster loan (Note E)	<u>493,100</u>	-
Total long-term liabilities	<u>493,100</u>	-
Total liabilities	572,838	123,686
COMMITMENTS (Note F)		
	-	-
NET ASSETS (Note A-2)		
Without donor restrictions	538,575	463,635
With donor restrictions	<u>-</u>	<u>7,250</u>
Total Net Assets	<u>538,575</u>	<u>470,885</u>
Total liabilities and net assets	<u>\$ 1,111,413</u>	<u>\$ 594,571</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>	<u>Summarized Comparative Information June 30, 2021</u>
REVENUES				
Grants and Medicaid charges (Note C)	\$ 2,626,071	\$ -	\$ 2,626,071	\$ 3,061,245
Food Stamp income	10,001	-	10,001	9,705
In-kind services (Note H)	117,948	-	117,948	171,300
Insurance proceeds	274,233	-	274,233	-
Occupancy fees	27,992	-	27,992	32,733
PPP loan forgiven	-	-	-	178,510
Contributions	83,621	-	83,621	47,044
Other	48,284	-	48,284	1,738
Net assets released from restrictions	<u>7,250</u>	<u>(7,250)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>3,195,400</u>	<u>(7,250)</u>	<u>3,188,150</u>	<u>3,502,275</u>
EXPENSES				
Personnel services	912,015	-	912,015	969,112
Related benefits	89,356	-	89,356	96,040
Operating services	221,472	-	221,472	169,359
Supplies	212,852	-	212,852	206,391
Professional services	201,098	-	201,098	260,299
Occupancy (Note F)	1,432,121	-	1,432,121	1,661,913
Transportation	17,912	-	17,912	36,779
Depreciation	25,216	-	25,216	30,632
Equipment	<u>8,418</u>	<u>-</u>	<u>8,418</u>	<u>17,323</u>
Total Expenses	<u>3,120,460</u>	<u>-</u>	<u>3,120,460</u>	<u>3,447,848</u>
INCREASE (DECREASE) IN NET ASSETS	74,940	<u>(7,250)</u>	67,690	54,427
NET ASSETS, BEGINNING OF YEAR	<u>463,635</u>	<u>7,250</u>	<u>470,885</u>	<u>416,458</u>
NET ASSETS, END OF YEAR	<u>\$ 538,575</u>	<u>\$ -</u>	<u>\$ 538,575</u>	<u>\$ 470,885</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	<u>Program Services</u>	<u>Management And General</u>	<u>Total</u>
Personnel service	\$ 898,078	\$ 13,937	\$ 912,015
Related benefits	85,655	3,701	89,356
Operating services	185,399	36,073	221,472
Supplies	207,483	5,369	212,852
Professional services	196,857	4,241	201,098
Occupancy	1,432,121	-	1,432,121
Transportation	17,894	18	17,912
Depreciation	-	25,216	25,216
Equipment	<u>8,418</u>	<u>-</u>	<u>8,418</u>
	<u>\$ 3,031,905</u>	<u>\$ 88,555</u>	<u>\$ 3,120,460</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		Summarized Comparative Information June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Grant revenue and Medicaid charges	\$ 2,640,224	\$ 2,961,143
Occupancy fees	27,992	32,733
Insurance proceeds	274,233	
Other	<u>141,906</u>	<u>63,800</u>
	3,084,355	3,057,676
Payments to employees and suppliers	(2,966,983)	(3,231,755)
Interest expense	<u>(4,261)</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	113,111	(174,079)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>-</u>	<u>(9,338)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>(9,338)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note	(50,000)	-
Proceeds from note	<u>493,100</u>	<u>50,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	443,100	50,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	556,211	(133,417)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>181,314</u>	<u>316,731</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u><u>739,525</u></u>	\$ <u><u>183,314</u></u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		Summarized Comparative Information <u>June 30, 2021</u>
Increase in net assets	\$ <u>67,690</u>	\$ <u>54,427</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	25,216	30,632
(Increase) Decrease in operating assets:		
Grants and Medicaid fees receivable, and other	14,153	(273,298)
Increase (decrease) in accounts payable and accrued expenses	<u>6,052</u>	<u>14,160</u>
Total adjustments	<u>45,421</u>	<u>(228,506)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>113,111</u>	\$ <u>(174,079)</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

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 residential treatment program, outpatient treatment program, and a supportive housing program. The accompanying financial statements present all programs operated by Responsibility House during the year ended June 30, 2022.

2. Presentation of Financial Statements

Responsibility House's financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors are considered donor restricted. Some donor restrictions are temporary in nature, those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Donations of property and equipment are recorded at their estimated fair value at the date of donation.

3. Measure of Operations

The statement of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Corporation's ongoing activities. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

4. Revenue Recognition

The substance of FASB Accounting Standards Update No. 2014-9, Topic 606, Revenue from Contracts with Customers, is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Revenue Recognition- Continued

The Organization's revenue is principally from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. The services received by the public are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the contract or grant provisions.

Grant revenue is recognized as it is earned in accordance with approved contracts. Contributions are recognized as income in the period received and 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."

Donated services are recorded at the fair value of the donated services and are recognized if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills provided by persons possessing those skills, and would need to be purchased if they were not donated.

5. 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. Leasehold improvements are capitalized and amortized over the life of the lease. 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 and amortization amounted to \$25,416 for the year ended June 30, 2022.

6. 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.

7. 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.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

8. 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.

9. 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.

10. Grants and Medicaid 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.

11. 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.

12. Subsequent Events

Management has evaluated subsequent events through November 18, 2022, which is the date the financial statements were available to be issued.

13. Summarized Comparative Information

Summarized comparative information is 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.

14. Recent Accounting Pronouncements:

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for Profit Entities*, which significantly amends the standards for the presentation and accompanying disclosures of the financial statements issued for fiscal years beginning after December 15, 2018. The update addresses the complexity and understandability of the net asset classifications, deficiencies in information about liquidity, availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied by the Corporation for the year ended June 30, 2020.

The FASB issued Statement No. 87, *Leases*, in June 2017. The provisions of this Statement are effective for fiscal years beginning after December 15, 2021.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 739,525
Grants and Medicaid fees receivable	<u>341,811</u>
	<u>\$ 1,081,336</u>

The Corporation's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE C - GRANTS AND MEDICAID RECEIVABLES AND REVENUE

Grant and Medicaid receivables and revenue at June 30, 2022, are as follows:

	<u>Receivables</u>	<u>Revenue</u>
Bayou Health Companies - Medicaid	\$ 33,000	\$ 437,296
Jefferson Parish Human Services Authority		
Men's Residential Program	46,163	172,000
PATH	11,780	81,336
Transitional Supportive Housing	55,341	280,065
Community Development Block Grant	84,958	86,708
Unity of Greater New Orleans		
Keys Project	25,947	1,141,016
Pathways	59,231	304,391
Street Outreach	15,572	78,557
U.S. Probation	8,860	53,016
City of Kenner	<u>959</u>	<u>11,686</u>
	<u>\$ 341,811</u>	<u>\$ 2,626,071</u>

NOTE D - LINE OF CREDIT

The Corporation has a \$250,000 line of credit with a financial institution on which it may draw upon to provide necessary working capital. Interest at a rate of 6.00% accrues on the outstanding balance. At June 30, 2022, the balance in the line of credit account was zero.

NOTE E - NOTE PAYABLE (Disaster loan)

On May 26, 2022 the U.S. Small Business Administration deposited \$493,100 into the bank. The first payment begins August 2, 2023, and has a 30 year maturity. The expected interest rate is 2.5%.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2022

NOTE F - OPERATING LEASE COMMITMENTS

The Corporation has operating leases for the residential treatment program, supportive housing program and the administrative offices. Responsibility House also makes rental payments for client occupied apartments, which are leased to Responsibility House, who in turn subleases the apartments to the supportive housing clients. The client occupied apartments are leased for one year periods beginning at various dates. Rental expense for the year ended June 30, 2022 is as follows:

	Client occupied apartments	Office	Total
Jefferson Parish Human Services Authority	\$ 13,500	\$ 20,180	\$ 33,680
PATH	8,270	2,589	10,859
Transitional Supportive Housing	239,230	4,200	243,430
Bayou Health Companies	13,165	20,190	33,355
Unity of Greater New Orleans			
Keys Project	856,931	23,903	880,834
Pathway	213,261	6,688	219,949
Other	-	10,014	10,014
	<u>\$ 1,344,357</u>	<u>\$ 87,764</u>	<u>\$ 1,432,121</u>

NOTE G - INCOME TAXES

Responsibility House is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

FASB ASC 740, Income Taxes, requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. Management does not believe its financial statements include any uncertain tax positions.

NOTE H - IN-KIND SERVICES

In - kind services amounting to \$117,948 consist of professional services provided to our supportive housing clients, and is presented as revenue, and as an expense included in professional services in the statement of activities.

NOTE I - 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, 2022

NOTE J- 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 82% of the corporation's support for the year ended June 30, 2022 came from government grants.

SUPPLEMENTAL INFORMATION

RESPONSIBILITY HOUSE
COMBINED STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

	<u>Bayou Health Co.</u>	<u>U. S. Probation</u>	<u>JPHSA Men's Residential</u>	<u>Transitional Supportive Housing</u>
REVENUE				
Grant appropriations	\$ -	\$ 33,016	\$ 172,000	\$ 280,065
Medicaid charges	437,296	-	-	-
Food Stamp income	-	-	10,001	-
In-kind services	-	-	-	-
Insurance proceeds, including business interruption	-	-	274,233	-
Occupancy fees	-	-	-	-
Other	<u>46</u>	<u>-</u>	<u>1,601</u>	<u>-</u>
Total Revenue	<u>437,342</u>	<u>33,016</u>	<u>457,835</u>	<u>280,065</u>
EXPENSES				
Personnel services	234,069	16,180	182,329	25,383
Related benefits	23,444	1,319	17,772	2,419
Operating services	83,977	1,492	39,364	3,008
Supplies	37,818	24	7,194	469
Professional services	46,097	3,570	20,158	2,237
Occupancy	33,354	6,030	33,680	243,430
Transportation	2,977	-	1,167	1,201
Depreciation	-	-	-	-
Equipment	<u>1,952</u>	<u>-</u>	<u>788</u>	<u>-</u>
Total expenses	<u>463,688</u>	<u>28,615</u>	<u>302,452</u>	<u>278,147</u>
INCREASE (DECREASE) IN NET ASSETS	(26,346)	4,401	155,383	1,918
Transfers to (from) management and general	26,346	(4,401)	(155,383)	(1,918)
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, 2022

	<u>Community Development Block Grant</u>	<u>PATH</u>	<u>Pathways</u>	<u>Street Outreach</u>	<u>Keys Project</u>
REVENUE					
Grant appropriations	\$ 86,708	\$ 81,336	\$ 304,391	\$ 78,557	\$ 1,141,016
Medicaid charges	-	-	-	-	-
Food Stamp income	-	-	-	-	-
In-kind services	-	-	100,235	-	17,713
Insurance proceeds, including business interruption	-	-	-	-	-
Occupancy fees	-	-	6,609	-	21,383
Other	<u>-</u>	<u>11,200</u>	<u>-</u>	<u>-</u>	<u>61,300</u>
Total Revenue	<u>86,708</u>	<u>92,536</u>	<u>411,235</u>	<u>78,557</u>	<u>1,241,412</u>
EXPENSES					
Personnel services	72,129	51,963	60,258	46,541	199,573
Related benefits	5,518	5,202	5,934	4,087	19,222
Operating services	-	7,008	8,688	1,482	39,129
Supplies	21,805	14,751	20,504	20,345	84,573
Professional services	-	-	100,331	-	24,464
Occupancy	-	10,859	219,950	3,984	880,834
Transportation	-	3,416	2,142	4,024	2,923
Depreciation	-	-	-	-	-
Equipment	<u>5,372</u>	<u>306</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>104,824</u>	<u>93,505</u>	<u>417,807</u>	<u>80,463</u>	<u>1,250,718</u>
INCREASE (DECREASE) IN NET ASSETS	(18,116)	(969)	(6,572)	(1,906)	(9,306)
Transfers to (from) management and general	18,116	969	6,572	1,906	9,306
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RESPONSIBILITY HOUSE

COMBINED STATEMENT OF ACTIVITIES - Continued

Year Ended June 30, 2022

	<u>City of Kenner</u>	<u>Total Grants</u>	<u>Property and Equipment</u>	<u>Management and General</u>	<u>Total</u>
REVENUE					
Grant appropriations	\$ 11,686	\$ 2,188,775	\$ -	\$ -	\$ 2,188,775
Medicaid charges	-	437,296	-	-	437,296
Food Stamp income	-	10,001	-	-	10,001
In-kind services	-	117,948	-	-	117,948
Insurance proceeds, including business interruption	-	274,233	-	-	274,233
Occupancy fee	-	27,992	-	-	27,992
Other	<u>-</u>	<u>74,147</u>	<u>-</u>	<u>57,758</u>	<u>131,905</u>
Total Revenue	<u>11,686</u>	<u>3,130,392</u>	<u>-</u>	<u>57,758</u>	<u>3,188,150</u>
EXPENSES					
Personnel services	9,653	898,078	-	13,937	912,015
Related benefits	738	85,655	-	3,701	89,356
Operating services	1,251	185,399	-	36,073	221,472
Supplies	-	207,483	-	5,369	212,852
Professional services	-	196,857	-	4,241	201,098
Occupancy	-	1,432,121	-	-	1,432,121
Transportation	44	17,894	-	18	17,912
Depreciation	-	-	25,216	-	25,216
Equipment	<u>-</u>	<u>8,418</u>	<u>-</u>	<u>-</u>	<u>8,418</u>
Total expenses	<u>11,686</u>	<u>3,031,905</u>	<u>25,216</u>	<u>63,339</u>	<u>3,120,460</u>
INCREASE (DECREASE) IN NET ASSETS	-	98,487	(25,216)	(5,581)	67,690
Equipment capitalized	-	-	-	-	-
Transfers to (from) management and general	-	(98,487)	-	98,487	-
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>44,680</u>	<u>426,205</u>	<u>470,885</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,464</u>	<u>\$ 519,111</u>	<u>\$ 538,575</u>

RESPONSIBILITY HOUSE

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

For the year ended June 30, 2022

Agency Head Name: Wm. Michael Martyn

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 136,950
Benefits	10,982
Use of Company Car	6,600

RESPONSIBILITY HOUSE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

<u>Federal Grantor/Pass Through Grantors/Program Title</u>	<u>GRANTOR PASS THROUGH CONTRACT #</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT YEAR ENDED</u>	<u>FEDERAL EXPENDITURES</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Jefferson Parish Human Service Authority				
PATH		93.150	6/30/22	81,336
Transitional Supportive Housing		93.958	12/31/21	133,466
Transitional Supportive Housing		93.958	12/31/22	<u>146,599</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>361,401</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through Jefferson Parish Department of Community Development				
CDBG		21280-1174-139-7331-82013-001	6/30/22	10,575
CDBG		21280-1174-139-7331-82013-002	4/30/23	24,403
CDBG		21280-1174-139-7331-82106-001	6/30/22	13,000
CDBG		21280-1174-139-7331-82107-001	6/30/22	<u>38,730</u>
				86,708
Passed through City of Kenner Department of Community Development				
CDBG-CV3	B-17154	14.218	4/30/23	<u>11,686</u>
Total Department of Community Development				<u>98,394</u>
Passed through Unity of Greater New Orleans				
Keys Project		LA0172L6H031908	10/31/21	362,003
Keys Project		LA0172L6H032009	10/31/22	779,013
Pathways		LA0070L6H032013	3/31/22	245,161
Pathways		LA0070L6H031912	3/31/23	59,230
Street Outreach for Coordinated Entry		LA0277L6H032004	6/30/22	<u>78,557</u>
				<u>1,523,964</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>1,622,358</u>

RESPONSIBILITY HOUSE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued

Year Ended June 30, 2022

U.S. DEPARTMENT OF JUSTICE

Passed through United States District Court, Eastern
District of Louisiana, Probation Office
Adult Drug Court Discretionary Grant

053L - 2022 - 003 16.585 9/30/22 33,016

TOTAL DEPARTMENT OF JUSTICE 33,016

TOTAL FEDERAL AWARDS \$ 2,016,775

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Responsibility House under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Par 200., Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Responsibility House it is not intended to and does not present the financial position, changes in net assets or cash flow of Responsibility House.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

3. Indirect Cost Rate

Responsibility House has not elected to use the 10% de minimis indirect cost rate.

4. The matching contributions for the Supportive Housing Program for the year ended June 30, 2022 are as follows:

PATH funds	\$ 19,642
Responsibility House funds	<u>110,159</u>
	\$ <u>129,801</u>

CASCIO & SCHMIDT, LLC

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INDEPENDENT AUDITOR'S 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, in accordance with the 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, the financial statements of Responsibility House (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements we considered Responsibility House's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Responsibility House's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Responsibility House's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for an other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cassio + Schmitt, LLC

Metairie, Louisiana
November 18, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Responsibility House

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Responsibility House's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Responsibility House's major federal programs for the year ended June 30, 2022. 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.

In our opinion Responsibility House complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Responsibility House and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Responsibility House's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirement of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Responsibility House's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Responsibility House's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about Responsibility House's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Responsibility House's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Responsibility House's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Responsibility House's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance what we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Report on 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. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cassio + Schmidt, LLC.

Metairie, Louisiana
November 18, 2022

RESPONSIBILITY HOUSE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2022

A. SUMMARY OF THE AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)?

yes no

Identification of major programs:

CFDA Number(s)

14.267

Name of Federal Program

U.S. Department of Housing and Urban Development and passed through Unity of Greater New Orleans Continuum of Care Program

Dollar threshold used to distinguish between type A and B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

yes no

B. FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended June 30, 2022.

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

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

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.

RESPONSIBILITY HOUSE
STATEWIDE AGREED-UPON PROCEDURES
For the year ended June 30, 2022

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the **Governing Board of Responsibility House**
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the year ended **June 30, 2022**. Responsibility House's management is responsible for those C/C areas identified in the SAUPs.

Responsibility House has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year ended **June 30, 2022**. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit card, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g.. determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111 - 1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results - No exceptions were found as a result of these procedures.

Board or Finance Committee

Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, (quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results - No exceptions were found as a result of these procedures.

Bank Reconciliations

Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each account selected, and observe that:

Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results - No exceptions were found as a result of these procedures.

Collections

Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared, and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Employees that are responsible for cash collections do not share cash drawers/registers.

Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to be deposit.

Each employee(s) responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

Observe that receipts are sequentially pre-numbered.

Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Trace the deposit slip total to the actual deposit per the bank statement.

Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Trace the actual deposit per the bank statement to the general ledger.

Results - No exceptions were found as a result of these procedures.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

For each location selected above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has not written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

At least two employees are involved in processing and approving payments to vendors.

The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

For each location selected above also, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested above, as applicable.

Results - No exceptions were found as a result of these procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g. mayor of a Lawrason Act municipality); these instances should not be reported.]]

Observe that finance charges and late fees were not assessed on the selected statements.

Using the monthly statements or combined statements selected above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results - No exceptions were found as a result of these procedures.

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid

expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

If reimbursed using a pre diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Observe that each reimbursement supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy. (Travel and Expense Reimbursement).

Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results - There was no travel or travel-related reimbursements during the year ended June 30, 2022.

Contracts

Obtain from management a listing of all agreements/contracts for professional services, material and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results - No exceptions were found as a result of these procedures.

Payroll and Personnel

Obtain a listing of the employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Randomly select one pay period during the fiscal period. For the 5 employees or officials selected above, obtain attendance records and leave documentation for the pay period and:

Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Observe that supervisors approved the attendance and leave of the selected employees or officials.

Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, and agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files and agree the termination payment to the entity policy.

Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results - No exceptions were found as a result of these procedures.

Ethics

The entity is not subject to the Louisiana Code of Ethics.

Debt Service

Debt Service is not applicable to non-profit entities.

Fraud Notice

Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Observe that the entity has posted on its premisses and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abusive of public funds.

Results - No exceptions were found as a result of these procedures.

Information Technology Disaster Recover/Business Continuity

Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

Using the 5 randomly selected employees/officials selected under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

Number and percentage of public servants in the agency who have completed the training requirements;

Number of sexual harassment complaints received by the agency;

Number of complaints which resulted in a finding that sexual harassment occurred;

Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Amount of time it took to resolve each complaint.

The entity is not subject to the sexual harassment requirements of R.S. 42:344.

We were engaged by **Responsibility House** to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of **Responsibility House** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Caro & Schmidt, LLC.

Metairie, Louisiana
November 18, 2022