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November 8, 1996

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE TO FEDERAL PROGRAMS

To Monroe Area Guidance Center
a/k/a Harmony House
Monroe, Louisiana

We have audited the financial statements of Monroe Area Guidance Center, a/k/a Harmony House as of and for the year ended June 30, 1996, and have issued our report thereon dated November 8, 1996.

We have applied procedures to test Monroe Area Guidance Center, a/k/a Harmony House's compliance with the following requirements applicable to its federal programs, which are identified in the accompanying schedule of federal awards for the year ended June 30, 1996: political activity, civil rights, cash management, reporting, drug-free workplace, allowable costs and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's (OMB) Circular A-133, "Compliance Supplement for Audits of Institutions of Higher Learning and Other Non-Profit Institutions." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Monroe Area Guidance Center, a/k/a Harmony House's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that Monroe Area Guidance Center, a/k/a Harmony House had not complied, in all material respects, with those requirements.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

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ACCOUNTANTS

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November 8, 1996

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH LAWS, REGULATIONS, CONTRACTS AND GRANTS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To Monroe Area Guidance Center
a/k/a Harmony House
Monroe, Louisiana

We have audited the financial statements of Monroe Area Guidance Center, a/k/a Harmony House as of and for the year ended June 30, 1996, and have issued our report thereon dated November 8, 1996.

We conducted our audit in accordance with generally accepted auditing standards, and 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.

Compliance with laws, regulations, contracts, and grants applicable to Monroe Area Guidance Center, a/k/a Harmony House is the responsibility of Monroe Area Guidance Center, a/k/a Harmony House's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Monroe Area Guidance Center, a/k/a Harmony House's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Monroe Area Guidance Center, a/k/a Harmony House complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Monroe Area Guidance Center, a/k/a Harmony House had not complied, in all material respects, with those provisions.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Organization's ability to administer federal award programs in accordance with applicable laws and regulations.

1. During the fiscal year ended June 30, 1996, the Organization was using both a computerized and hand bookkeeping system. However, the computerized records were not reliable.

   We recommend the Organization either obtain additional training/support on its bookkeeping software or, if this is cost prohibitive, rely on the handset of books.

2. The Organization operated at a deficit in the fiscal year ended June 30, 1996.

   We recommend the Organization develop additional sources of income and reduce expenditures to a level where the Organization no longer operates at a deficit.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level of risk that noncompliance with laws and regulations that would be material to a federal program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

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November 8, 1996

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Monroe Area Guidance Center
a/k/a Harmony House
Monroe, Louisiana 71201

We have audited the accompanying balance sheet of the Monroe Area Guidance Center, a/k/a Harmony House as of and for the year ended June 30, 1996, and the related statement of program revenues, expenditures and changes in fund balances for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of the Office of Management and Budget OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 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.

The Organization has valued land, buildings and equipment at cost and has not recorded depreciation in the accompanying statements. In our opinion, depreciation should be recorded to conform with generally accepted accounting principles. The effects on the financial statements of the preceding practice is not determinable.

In our opinion, except for the effects of the matters discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Monroe Area Guidance Center, a/k/a Harmony House, as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Receipt Acknowledged
Legislative Auditor
By

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CERTIFIED PUBLIC ACCOUNTANTS

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November 8, 1996

INDEPENDENT AUDITORS' REPORT
ON THE INTERNAL CONTROL STRUCTURE
USED IN ADMINISTERING FEDERAL AWARDS

To Monroe Area Guidance Center
a/k/a Harmony House
Monroe, Louisiana

We have audited the financial statements of Monroe Area Guidance Center, a/k/a Harmony House as of and for the year ended June 30, 1996, and have issued our report thereon dated November 8, 1996. We have also audited the Organization's compliance with requirements applicable to federal programs, and have issued our report thereon dated November 8, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Organization complied with laws and regulations, noncompliance with which would be material to a federal program.

In planning and performing our audit for the year ended June 30, 1996, we considered Monroe Area Guidance Center, a/k/a Harmony House's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the Organization's financial statements and on its compliance with requirements applicable to federal programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal programs. We have addressed policies and procedures relevant to our audit of the financial statements in a separate report dated November 8, 1996.

The management of Monroe Area Guidance Center, a/k/a Harmony House is responsible for establishing and maintaining an internal control system. In fulfilling this responsibility, estimates and judgments by

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 1996

UNRESTRICTED NET ASSETS	
Support	
Grants and Contracts	457,702
Contributions	52,168
TOTAL SUPPORT	509,870
Revenues	
Medicaid	
Client Fees	185,574
Interest	13,259
Miscellaneous	1,764
	3,121
TOTAL REVENUES	203,718
TOTAL SUPPORT AND REVENUES	713,588
EXPENSES	
Program Services	
Community Support	
Fairhaven Shelter	236,584
Delta Family Preservation	147,821
Regional Case Management	16,031
Supportive Living	56,397
Laundry Services	67,548
Housing Options	21,968
Harmony House	21,388
Supportive Employment	100,457
Supportive Services	36,636
	14,158
TOTAL PROGRAM SERVICES	718,988
Supporting Services	
Management and General	68,104
Fund Raising	-
TOTAL SUPPORTING SERVICES	68,104
TOTAL EXPENSES	787,092
DECREASE IN UNRESTRICTED NET ASSETS	(73,504)
NET ASSETS AT BEGINNING OF YEAR	467,007
NET ASSETS AT END OF YEAR	393,503

The accompanying notes are an integral part of these financial statements.

Our audit was made for the purpose of forming an opinion on the basic financial statements of Monroe Area Guidance Center a/k/a Harmony House taken as a whole. The accompanying financial information listed as supplementary financial information in the table of contents and the accompanying Schedule of Federal Awards for the year ended June 30, 1996, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated November 8, 1996 on our consideration of Monroe Area Guidance Center a/k/a Harmony House's internal control structure and a report dated November 8, 1996 on its compliance with laws and regulations.

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MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1996

ASSETS	
Cash and Cash Equivalents	5,881
Accounts Receivable	68,206
Fixed Assets	517,484
TOTAL ASSETS	591,571
LIABILITIES	
Accounts Payable	68
Notes Payable Due Within One Year	198,000
TOTAL LIABILITIES	198,068
NET ASSETS	
Unrestricted (Deficit)	(123,981)
Permanently Restricted	517,484
TOTAL NET ASSETS	393,503
TOTAL LIABILITIES AND NET ASSETS	591,571

The accompanying notes are an integral part of these financial statements.

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November 8, 1996

INDEPENDENT AUDITORS' REPORT ON THE
INTERNAL CONTROL STRUCTURE BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Directors
Monroe Area Guidance Center
a/k/a Harmony House
Monroe, Louisiana 71201

We have audited the financial statements of Monroe Area Guidance Center, a/k/a Harmony House, as of and for the year ended June 30, 1996, and have issued our report thereon dated November 8, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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.

The management of Monroe Area Guidance Center a/k/a Harmony House is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Monroe Area Guidance Center, a/k/a Harmony House, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

1. During the fiscal year ended June 30, 1996, the Organization was using both a computerized and hand bookkeeping system. However, the computerized records were not reliable.

   We recommend the Organization either obtain additional training/support on its bookkeeping software or, if this is cost prohibitive, rely on the handset of books.

2. The Organization operated at a deficit in the fiscal year ended June 30, 1996.

   We recommend the Organization develop additional sources of income and reduce expenditures to a level where the Organization no longer operates at a deficit.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the use of management and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report which is a matter of public record.

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management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal awards programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedure may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal programs in the following categories:

Internal Accounting Controls (All Programs)

Cash Receipts	Payroll
Purchasing/Receiving	Property and Equipment
Accounts Payable	General Ledger
Cash Disbursements	

General and Specific Administrative Controls Used in Administering Financial Assistance Programs

Political Activity	Cost Allocation
Reporting	Drug-Free Workplace
Civil Rights	Allowable Costs
Services Allowed	Administrative Requirements
Facility Licensing Standards	Cash Management

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operations, and we assessed control risk.

During the year ended June 30, 1996, Monroe Area Guidance Center, a/k/a Harmony House expended 100% of its total federal awards under nonmajor programs, as detailed on page 22.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

F. Financial Statement Presentation: (Continued)

required to present a statement of cash flows. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets at June 30, 1995.

G. Contributions:

The Organization also elected to adopt SFAS No. 116, "Accounting for Contributions Received and Contributions Made," in 1995. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. There was no effect from this new statement on the Organization's change in net assets for 1995.

H. Cash in Bank:

All funds are in institutions insured by an agency of the Federal Government, the Federal Deposit Insurance Corporation.

I. Related Party Transactions:

There were no related party transactions for the year ended June 30, 1996.

NOTE 2 - Funding Policies and Sources of Funds

The Organization receives its monies through various methods of funding. Most of the funds are received on a grant basis from Louisiana Department of Health and Hospitals and Vocational Rehabilitation. The Organization also receives funds as a reimbursement of actual expenditures, and upon a per unit of service provided method, including Medicaid funds. The Organization also receives funds by contributions from both public and private sources.

NOTE 3 - Accounts Receivable - Grants

Accounts receivable - grants at June 30, 1996, generally consists of reimbursements from the Department of Health and Hospitals for expenditures incurred under the grant program. Such receivables have been pledged to secure the short term loan.

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
JUNE 30, 1996

Prior Year Finding/Noncompliance:
The computerized books did not balance.

Corrective Action:
The Organization has kept both a hand set of books and a computerized set. The Organization will rely on the hand set of books.

Prior Year Finding/Noncompliance:
The fiscal officer opens the mail and receives checks.

Corrective Action:
The fiscal officer no longer opens the mail or receives checks.

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November 8, 1996

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO
NONMAJOR FEDERAL PROGRAM TRANSACTIONS

To Monroe Area Guidance Center
a/k/a Harmony House
Monroe, Louisiana

We have audited the financial statements of Monroe Area Guidance Center, a/k/a Harmony House as of and for the year ended June 30, 1996, and have issued our report thereon dated November 8, 1996.

In connection with our audit of the 1995 financial statements of Monroe Area Guidance Center, a/k/a Harmony House and with our consideration of the Organization's internal control structure used to administer federal programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal programs for the year ended June 30, 1996. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with requirements governing services allowed or unallowed, eligibility, reporting, matching, facility licensing standards, cost allocation, and claims for reimbursement that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Organization's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe Monroe Area Guidance Center, a/k/a Harmony House had not complied, in all material respects, with those requirements.

This report is intended for the information of management and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

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MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTIONS - CURRENT YEAR
FOR THE YEAR ENDED JUNE 30, 1996

Finding:	The computerized bookkeeping system is not reliable.
Criteria:	Accounting controls require correct data.
Cause:	Not enough training in computer software use.
Effect:	General ledger not correct.
Recommendation:	The Organization should obtain additional training in software use or rely on hand bookkeeping records.
Reply:	Due to the high cost of computer training we will rely on our hand set of books.

Finding:	The Organization operated at a deficit in the current fiscal year.
Criteria:	The Organization should operate so as receipts equal or exceed expenditures.
Cause:	Medicaid funds were sharply reduced during this fiscal year.
Effect:	Organization expenditures exceed revenue.
Recommendation:	The Organization should develop other revenue sources and reduce expenditures.
Reply:	The Organization's Board of Directors has formed a fund raising committee and we have reduced staff and expenditures.

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 1996

PROGRAM SERVICES

	COMMUNITY SUPPORT PROGRAM	FAIRHAVEN SHELTER	DELTA FAMILY PRESERVATION SERVICES	REGIONAL CASE MANAGEMENT	SUPPORTIVE LIVING	LAUNDRY SERVICES	HOUSING OPTIONS	HARMONY HOUSE OMH	SUPPORTIVE EMPLOYMENT	SUPPORTIVE SERVICES	GENERAL AND ADMINIS-TRATIVE	TOTAL
Personal Services	167,002	99,030	9,298	39,871	51,959	11,738	4,830	27,020	26,892	1,174	50,552	489,366
Related Benefits	33,370	12,323	2,232	7,856	9,057	1,316	622	5,296	4,718	174	6,595	83,559
Travel	2,164	1,742	998	2,320	2,982	342	-	630	467	-	-	11,645
Operating Services	29,191	32,075	3,203	5,790	2,800	7,733	15,298	63,974	4,559	12,253	10,641	187,517
Supplies	2,454	1,526	-	60	350	639	138	2,805	-	407	316	8,695
Professional Services	2,403	1,125	300	500	400	200	500	732	-	150	-	6,310
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses Before Depreciation	236,584	147,821	16,031	56,397	67,548	21,968	21,388	100,457	36,636	14,158	68,104	787,092
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSES	236,584	147,821	16,031	56,397	67,548	21,968	21,388	100,457	36,636	14,158	68,104	787,092

The accompanying notes are an integral part of these financial statements.

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MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 1996

There were no questioned costs for the year ended June 30, 1996.

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
COMPENSATION TO BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 1996

No compensation was paid any board member during the year under audit.

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
EXIT CONFERENCE
JUNE 30, 1996

An exit conference was held on November 12, 1996 at the administrative office of the Monroe Area Guidance Center in Monroe, Louisiana. Mr. Rowland Perry, CPA represented the auditors and the Executive Director and Accountant represented the Organization.

We reported that we did not discover any material weaknesses in internal control but did discover minor weaknesses in internal control. We did not discover any instances of non-compliance with state laws. Such findings have been reported on pages 4, 8, 24 and 25.

The Executive Director and Accountant received our findings and recommendations favorably and have taken action to implement the recommendations.

SUPPORTING SCHEDULES

NOTE 10 - Fund Deficit

The Organization operated at a deficit in the fiscal year ended June 30, 1996 due to unplanned cuts in the Medicaid program and cuts in contracts. Management has reduced operating costs and is pursuing other sources of funds.

NOTE 11 - Pension

The Organization maintains an employee retirement plan for full-time salaried employees. Employer contributions equal seven per cent of compensation, up to a maximum of $2,000 per year, per employee.

NOTE 12 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 13 - Fair Values of Financial Instruments

The Organization's financial instruments, none of which are held for trading purposes, include cash and a note payable. The Organization estimates that the fair value of all financial instruments at June 30, 1996 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

NOTE 14 - Bank Loan Payable

At June 30, 1996, the Organization had a $198,000 line of credit with a bank to be drawn as needed, with a variable interest rate of 9.25 at June 30, 1996. The line of credit is secured by real estate and accounts receivable.

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MONROE, LOUISIANA

FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION
FOR THE YEAR ENDED
JUNE 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditee, or reviewed, 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 DEC 11 1996

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
JUNE 30, 1996

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NOTE 1 - Summary of Significant Accounting Policies

A. Statement of Presentation:

The accompanying financial statements conform to generally accepted accounting principles for not-for-profit organizations.

B. Organization:

The Organization provides a spectrum of habilitation-oriented services to the chronically mentally ill in northeast Louisiana, including providing employment opportunities, helping clients with physical and emotional problems in order to help them get into the mainstream of community life, and operating a group home for the mentally ill. The Organization also carries out a janitorial program to help train clients for employment.

C. 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.

D. Cash and Cash Equivalents:

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

E. Budget Policy:

Budgets for various programs are prepared by the Organization and approved by grantor of the funds for each respective program. No budgets are prepared for the general fund.

F. Financial Statement Presentation:

In 1995, the Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," early. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1996

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	(73,504)	
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	-	
(Increase) Decrease in Operating Assets - Accounts Receivable	(30,408)	
Increase (Decrease) in Operating Liabilities - Accounts Payable	(37,452)	
NET CASH USED BY OPERATING ACTIVITIES		(141,364)
NET CASH PROVIDED BY INVESTING ACTIVITIES		-0-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Short Term Debt	123,000	
NET CASH PROVIDED BY FINANCING ACTIVITIES		123,000
NET INCREASE (DECREASE) IN CASH		(18,364)
BEGINNING CASH AND CASH EQUIVALENTS		24,245
ENDING CASH AND CASH EQUIVALENTS		5,881
SUPPLEMENTAL CASH BASIS DATA		
Interest Paid		14,320
Income Taxes Paid		-0-

The accompanying notes are an integral part of these financial statements.

NOTE 4 - Board of Directors' Compensation

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

NOTE 5 - In-Kind Contributions

The Organization received various in-kind contributions during the year from private and public sources. The value of donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

NOTE 6 - Income Tax Status

The Organization, a non-profit corporation, is exempt from federal income taxes under Section 501 (C) (3) of the Internal Revenue Code.

NOTE 7 - Changes in Fixed Assets

A summary of changes in fixed assets recorded at cost follows:

	Balance July 1, 1995	Additions	Retirements	Balance June 30, 1996
Furniture & Equipment	183,824	-	-	183,824
Fairhaven Building & Furniture	331,153	-	-	331,153
TOTAL	514,977	-0-	-0-	514,977

NOTE 8 - Accrued Leave

As of June 30, 1996, unrecorded accrued annual leave time was $4,528.

NOTE 9 - Clients on Medicaid

The Organization's policy is to bill the Department of Health and Hospitals for non-Medicaid clients. If the client later becomes Medicaid eligible, Medicaid may reimburse the Organization for past services that were originally billed and paid by the Department of Health and Hospitals to the Organization. When the Medicaid reimbursement for these past services is received by the Organization, the Organization reduces the amount of the current monthly funds request to the Department of Health and Hospitals.

MONROE AREA GUIDANCE CENTER
A/K/A HARMONY HOUSE
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 1996

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE/	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Cash/Accrued or (Deferred) Revenue at July 1, 1995	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cash/Accrued or (Deferred) Revenue at June 30, 1996
Passed Through From State of Louisiana							
Community Services Block Grant Block Grant for Community Mental Health Services	93.958	N/A	45,000	-0-	5,713	5,713	-0-
Community Services Block Grant Passed Through From City of Monroe	93.958	N/A	59,826	-0-	21,388	57,000	-0-
Emergency Shelter Grants	14.231	N/A	30,000	-0-	30,000	30,000	-0-

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