

RESPONSIBILITY HOUSE
 STATEMENT OF CASH FLOWS
 Year Ended June 30, 1997

CASH FLOWS FROM OPERATING ACTIVITIES	
Grant revenue	\$ 180,351
Client service fees	11,972
Other	<u>200</u>
	222,523
Payments to employees and suppliers	(222,500)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 12,023
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	(8,628)
Deposits	(100)
NET CASH USED IN INVESTING ACTIVITIES	(8,728)
CASH FLOWS FROM FINANCING ACTIVITIES	
	—
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,295
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,123
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 15,418
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Increase in net assets	\$ 9,343
Adjustments to reconcile increase in net assets provided by operating activities:	
Depreciation	\$ 5,477
(Increase) decrease in operating assets:	
Grants receivable	1,013
Prepaid expenses	(2,288)
Increase (decrease) in operating liabilities:	
Accounts payable	(962)
Accrued expenses	(436)
Contract advance	(1,288)
Total adjustments	<u>2,683</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 12,023

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS

June 30, 1987

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 follows.

1. Reporting Entity

Responsibility House began operations in 1984. The accompanying financial statements present all programs operated by Responsibility House during the year ended June 30, 1987.

2. Basis of Accounting

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

The Corporation adopted Statement of Financial Accounting Standards (SFAS) No. 114, Accounting for Contributions Received and Contributions Made beginning with the year ended June 30, 1985. In accordance with SFAS 114, contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support, depending on the existence or nature of any donor restrictions.

The Corporation also adopted SFAS 117, Financial Statements of Not-for-Profit Organizations beginning with the year ended June 30, 1986. Under SFAS 117, the Corporation 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. The Corporation does not have any permanently restricted net assets.

3. Organization and Nature of Activities

Responsibility House is a private, non-profit Halfway House and three quarters house for the treatment of adult, chemically dependent males.

4. 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.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1997

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

5. Property and Equipment

Property and equipment acquired by Responsibility House are considered to be owned by Responsibility House. However, state 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 those assets. The State has a reversionary interest in those assets purchased with its funds which have a cost of \$250 or more.

Property and equipment acquired with state funding during the year ended June 30, 1997 amounted to \$8,138.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Responsibility House follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$250. Depreciation is computed using the straight-line basis over the useful lives of the assets, generally as follows:

Automotive equipment	4	years
Furniture, equipment and appliances	5 - 7	years
Leasehold improvements	51	months

Depreciation amounted to \$5,477 for the year ended June 30, 1997.

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. Revenue Recognition

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

RESPONSIBILITY STATE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1997

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

k. 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.

NOTE B. - GRANTS RECEIVABLE

Grants receivable from Jefferson Parish Human Services Authority represent the amount of funds awarded and earned but not received at June 30, 1997, as scheduled below:

	Grant No. 1	Grant No. 2	1996
Funds awarded and earned through June 30, 1997	\$ 335,415	\$ 34,125	\$ 369,540
Funds received through June 30, 1997	188,307	51,516	239,823
grants receivable at June 30, 1997	6,713	6,506	13,219
Less contract advances	(2,268)	(1,232)	(3,500)
Net receivable	\$ 4,445	\$ 5,274	\$ 9,719

The contract advance included in current liabilities consists of the balance of the advance received from the Jefferson Parish Human Services Authority not deducted from monthly remittances to Responsibility House as of June 30, 1997.

All receivables at June 30, 1997 are considered collectible, accordingly, an allowance for doubtful accounts is not presented.

NOTE C - OPERATING LEASE COMMITMENT

The Corporation entered into an operating lease November 1, 1996, for client and office facilities, expiring June 30, 2001. The lease may be terminated on June 30 of each year depending upon funding. The rental shall be \$4,000 monthly through June 30, 2001. Rental expense for the year ended June 30, 1997 amounted to \$41,750.

RESPONSIBILITY NOTE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1993

NOTE D - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the programs and activities have been allocated on a functional basis in the Schedule of Functional Expenses. Certain costs have been allocated among the programs and supporting services based on actual services rendered or on a usage basis.

NOTE E - BOARD OF DIRECTORS' COMPENSATION

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

NOTE F - ECONOMIC DEPENDENCY

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

SINGLE UNIT SECTION

Robert J. Cascio, CPA
John E. Davis, CPA
William A. Schmidt, CPA

Members
American Institute of Certified
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Public Accountants

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

To the Board of Directors
Responsibility House

We have audited the financial statements of Responsibility House (a nonprofit corporation) as of and for the year ended June 30, 1997, and have issued our report thereon dated November 3, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Responsibility House's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, and noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

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

audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, Jefferson Parish Home Services Authority, State of Louisiana Department of Health and Hospitals, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Cassis, Davis & Schmidt

Metairie, Louisiana
November 3, 1997

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RESPONSIBILITY INDEX

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 1997

Under provisions of state law, this report is a public document. A copy of the report will be submitted to the auditor, as required, 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 July 2, 1997

RESPONSIBILITY HOUSE

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FRANK J. CASCIO, CPA
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MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF ACCOUNTANCY
INDEPENDENT MEMBER SOCIETY

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Responsibility House

We have audited the accompanying statement of financial position of Responsibility House (a nonprofit corporation) as of June 30, 1997, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A - 133, "Audits of States, Local Governments, and Non-Profit Organizations." These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Responsibility House as of June 30, 1997, and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Cascio, Davis & Schmidt

Metairie, Louisiana
November 3, 1997

RESPONSIBILITY BOARD
STATEMENT OF FINANCIAL POSITION

June 30, 1997

<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$	22,883
Grants receivable (Note B)		17,918
Prepaid expenses		<u>4,880</u>
Total current assets		45,681
PROPERTY AND EQUIPMENT (Note A)		
Automotive equipment	14,700	
Furniture, equipment and appliances	12,578	
Leasehold improvements	<u>1,842</u>	
	29,120	
Less accumulated depreciation	<u>15,227</u>	13,893
OTHER ASSETS		
Deposits		<u>3,800</u>
	\$	<u>53,364</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accrued liabilities	\$	3,401
Contract advance (Note B)		<u>4,800</u>
Total current liabilities		\$ 8,201
Total liabilities		8,201
NET ASSETS (Note A)		
Unrestricted	48,363	
Temporarily restricted	<u>5,001</u>	
Total Net Assets		53,364
	\$	<u>53,364</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE
STATEMENT OF ACTIVITIES
Year Ended June 30, 1997

UNRESTRICTED NET ASSETS			
Revenue			
Client service fees	\$	33,973	
Contributions		<u>825</u>	
Total Unrestricted Revenue	\$		34,797
Net assets released from restrictions			
Jefferson Parish Human Services Authority funding for five year operations	183,829		
Utility deposits		<u>100</u>	183,929
Total Unrestricted Revenue and Reclassifications			218,726
Expenses			
Program services			
Primary Treatment Program	114,849		
Independent Living Program		<u>69,284</u>	184,133
Supporting services			
Management and general		<u>30,616</u>	
Total Expenses			214,749
INCREASE IN UNRESTRICTED NET ASSETS			\$ 3,977
TEMPORARILY RESTRICTED NET ASSETS			
Jefferson Parish Human Services Authority funding			
Operations	183,300		
Property and equipment		6,136	
Utility deposits		<u>100</u>	189,536
Net assets released from restrictions			
Jefferson Parish Human Services Authority funding			
Operations	183,380		
Depreciation on property and equipment funded		<u>524</u>	
	183,904		
Utility deposits		<u>100</u>	184,004
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS			5,610
INCREASE IN NET ASSETS			9,587

RESPONSIBILITY HOUSE
STATEMENT OF ACTIVITIES - CONTINUED
Year Ended June 30, 1997

INCREASE IN NET ASSETS	9,341
NET ASSETS	
beginning of year	38,877
End of year	\$ 48,218

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOME

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended June 30, 1997

	PROGRAM		SUPPORTING		TOTAL
	Primary Treatment	Independent Living	Management & Support	SERVICES	
PERSONAL SERVICES					
Wages	\$ 64,324	\$ 42,324	\$ 7,928	\$	114,576
Contract labor	88	10	-	-	98
	<u>64,412</u>	<u>42,334</u>	<u>7,928</u>		<u>114,674</u>
RELATED BENEFITS					
F payroll taxes	4,566	3,888	581		9,035
workers' compensation insurance	3,502	1,328	37		4,867
	<u>8,068</u>	<u>5,216</u>	<u>618</u>		<u>13,902</u>
TRAVEL	<u>1,758</u>	<u>427</u>	<u>-</u>		<u>2,185</u>
OPERATING SERVICES					
Mileage	3,692	-	154		3,846
Fees and dues	288	-	-		288
Entertainment	1,488	-	22		1,510
Insurance	4,388	1,533	687		6,608
Licenses and permits	713	143	-		856
Miscellaneous/book charges	864	71	32		967
Post	18,925	10,492	12,473		41,890
Telephone	1,884	543	453		2,880
Utilities	4,322	2,573	2,427		9,322
Repairs and maintenance	5,228	422	927		6,577
	<u>41,822</u>	<u>15,882</u>	<u>17,125</u>		<u>74,829</u>
SUPPLIES					
cleaning/household supplies	1,692	1,423	-		3,115
Food	2,881	228	31		3,140
office supplies	1,182	288	47		1,517
	<u>5,755</u>	<u>1,939</u>	<u>78</u>		<u>7,772</u>
PROFESSIONAL SERVICES					
Professional and Consulting	1,211	1,305	768		3,284
DEPRECIATION	<u>178</u>	<u>156</u>	<u>8,551</u>		<u>9,085</u>
TOTALS	\$ 114,042	\$ 62,368	\$ 28,826	\$	\$ 205,236

The accompanying notes are an integral part of this statement.