

REALTY HOUSE
June 30, 1998

STATEMENT OF FINANCIAL POSITION

ASSETS

CURRENT:

Cash \$ 1,887

TOTAL ASSETS 1,887

LIABILITIES AND FUND BALANCE

LIABILITIES 240

TOTAL LIABILITIES 240

TOTAL FUND BALANCE 1,637

TOTAL LIABILITIES AND FUND BALANCE 1,887

REALTY HOUSE
June 30, 1998

STATEMENT OF REVENUE AND EXPENDITURES

REVENUES

Gross	\$	<u>20,000</u>
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TOTAL REVENUES		<u>20,000</u>
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EXPENDITURES

Automotive maintenance	442
Insurance	12,058
Salaries and Wages	<u>4,820</u>

TOTAL EXPENDITURES	<u>18,220</u>
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NET REVENUES OVER EXPENDITURES	<u>1,780</u>
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REALTY HOUSE
June 30, 1998

STATEMENT OF CHANGES IN FUND BALANCE

Beginning Fund Balance	\$	(153)
Net Revenues over Expenditures		<u>1,780</u>
Ending Fund Balance		<u>1,627</u>

REALITY HOUSE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED, JUNE 30, 1996**

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

General - The Reality House (hereinafter referred to as the Organization) is a non-profit entity which caters to the needs of the elderly. The Organization is partly funded by a grant received from the State of Louisiana's Governor's Office of Urban Affairs.

Method of Accounting - The financial statements of the Organization are prepared on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.

Property and Equipment - There are no fixed assets purchased or disposed of using these funds.

Income Taxes - The Organization has been determined to be tax exempt under Section 501 (c) 3 of the Internal Revenue Code.

Cash - Cash is comprised of cash on hand and in banks.



LUTHER C. SPIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL AWARDS

To the Board of Directors of
Realty House

We have audited the financial statements of the Governor's Office of Urban Affairs Grant awarded to Realty House (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated February 18, 1997. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, *Governments 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 Institutions of Higher Education and Other Nongovernment Organizations." These 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Governor's Office of Urban Affairs Grant awarded to Realty House taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Luther C. Spaight & Company

New Orleans, Louisiana
February 18, 1997

HEALTHY HOUSE

SCHEDULE OF FEDERAL AWARDS
FOR THE GRANT PERIOD ENDED JUNE 30, 1996

<u>Federal Grants/ Pass Through Grants</u>	<u>Expenses</u>
Office of Urban Affairs & Development	\$ <u>18,270</u>
Total	\$ <u>18,270</u>

REALTY HOUSE

NOTES TO THE SCHEDULE OF FEDERAL AWARDS
FOR THE GRANT PERIOD JULY 1, 1995 TO JUNE 30, 1996

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of Accounting - The financial statements of the Organization are prepared on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses are recorded when incurred.



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

To the Board of Directors of
Realty House

We have audited the financial statements of the Governor's Office of Urban Affairs Grant awarded to Realty House (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated February 10, 1997.

We conducted our audit 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, "Audit of Institutions of Higher Education and Other Nonprofit Institutions." These 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.

In planning and performing our audit for the year ended June 30, 1996, we considered the internal control structure of Realty House in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements of the Governor's Office of Urban Affairs Grant awarded to Realty House 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 award programs.

The management of Realty 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, 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 award 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 procedures may deteriorate.

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

Accounting Controls:

- Grant Revenues and Cash Receipts
- Purchases and Cash Disbursements
- General Ledger and Financial Reporting
- Grant Accounting

Controls used in administering compliance with Laws and Regulations:

General Requirements:

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reporting
- Allowable Cost/Cost Principles
- Drug-Free Workplace
- Administrative Requirements

Specific Requirements:

- Types of Services
- Advances and Reimbursements
- Amounts claimed or used for matching as determined by the OMB Circular A-21 and other cost principles or regulations that are applicable to each of its programs

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

During the year ended June 30, 1996, Realty House had no major federal award programs and expended 100% of its total federal awards under its nonmajor programs.

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 Organization's 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.

We noted no 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.

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 the risk that noncompliance with laws and regulations that would be material to a federal award program may

errors and can be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal awards 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.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.



Luther C. Speight & Company

New Orleans, Louisiana
February 10, 1997



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Realty House

We have audited the financial statements of the Governor's Office of Urban Affairs Grant awarded to Realty House (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated February 18, 1997.

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 Realty 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, projections of any evaluation of the structure to future periods is subject to the risk that conditions 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 the Governor's Office of Urban Affairs Grant awarded to Realty 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 the risk that errors or irregularities in amounts that would be material to

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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management, Governor's Office of Urban Affairs, and the Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.



Luther C. Spright & Company

New Orleans, Louisiana

February 18, 1997



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL
REQUIREMENTS APPLICABLE TO FEDERAL AWARD PROGRAMS**

To the Board of Directors of
Realty House

We have audited the financial statements of Governor's Office of Urban Affairs Grant awarded to Realty House (a nonprofit organization) as of and for the year ended June 30, 1986, and have issued our report thereon dated February 10, 1987.

We have applied procedures to test the compliance of Realty House with the following requirements applicable to its federal award programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended June 30, 1986:

- Political Activity
- Cash Management
- Federal Financial Reports
- Discrimination Act
- Drug-Free Workplace
- Civil Rights Act
- Allowable Cost/Cost Principles

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "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 Realty 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 Realty House had not complied, in all material respects, with those requirements.

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

Luther C. Spaight & Company

New Orleans, Louisiana
February 10, 1987



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

To the Board of Directors of
Reality House

We have audited the financial statements of the Governor's Office of Urban Affairs Grant awarded to Reality House (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated February 10, 1997.

In connection with our audit of the financial statements of the Governor's Office of Urban Affairs Grant awarded to Reality House and with our consideration of the Organization's internal control structure used to administer federal award programs, as required by Office of Management and Budget (OMB) Circular A-133, "Audit of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal award programs for the year ended June 30, 1996. As required by OMB Circular A-133, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, that are applicable to these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Reality House'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 items not tested, nothing came to our attention that caused us to believe that Reality House had not complied, in all material respects, with these requirements.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.



Luther C. Speight & Company

New Orleans, Louisiana
February 10, 1997



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Reality House:

We have audited the financial statements of the Governor's Office of Urban Affairs Grant awarded to Reality House (a nonprofit organization) as of and for the year ended June 30, 1996, and have issued our report thereon dated February 10, 1997.

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 the Organization is the responsibility of Reality House's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Reality 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 disclosed the following instance of noncompliance that are required to be reported herein under Government Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in Reality House's 1996 financial statements.

The Organization's inability to complete and issue an audit of their 1996 financial statements within six months of the close of the entity's fiscal year is an instance of noncompliance as described above. The audit was engaged in a timely manner, however, information required to begin the audit was not available when requested. Therefore, the start of the audit was delayed causing report issuance to also be delayed.

We considered this instance of noncompliance in forming our opinion on whether Reality House's 1996 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated February 10, 1997, on those financial statements.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.



Luther C. Speight & Company

New Orleans, Louisiana
February 18, 1997

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REALITY HOUSE

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND RELATED SINGLE AUDIT REPORTS FOR THE FISCAL 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 audited, 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 6/27/96

REALTY HOUSE
TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF REVENUE AND EXPENDITURES	3
STATEMENT OF CHANGES IN FUND BALANCE	4
NOTES TO THE FINANCIAL STATEMENTS	5
<u>SINGLE AUDIT REPORTS</u>	
INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF FEDERAL AWARDS	6
SCHEDULE OF FEDERAL AWARDS	7
NOTES TO THE SCHEDULE OF FEDERAL AWARDS	8
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL AWARDS	9-11
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	12-13
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARD PROGRAMS	14
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS	15
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	16-17