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Providence House
Shreveport, Louisiana

Financial Statements

September 30, 1987

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Release Date 4-15-98

Providence House

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COOK & MOREHART

Certified Public Accountants

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Independent Auditors' Report

To the Board of Directors
Providence House

We have audited the accompanying statement of financial position of Providence House (a nonprofit organization) as of September 30, 1987, and the statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Providence House'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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Providence House as of September 30, 1987, and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 30, 1988 on our consideration of Providence House's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Cook and Morehart
Certified Public Accountants
March 30, 1988

Providence House
Statement of Financial Position
September 30, 1997

Assets

Current assets:

Cash and equivalents	\$ 20,231
Investments	114,474
Grant receivables	50,787
Other receivables	<u>624</u>
Total current assets	<u>186,096</u>

Property and equipment:

Accumulated depreciation	494,728
Net property and equipment	<u>1,128,269</u>

Other assets:

Restricted cash - resettlement funds	12,117
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Total Assets	<u>\$ 3,581,672</u>
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Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 8,843
Accrued expenses	<u>26,105</u>
Total current liabilities	34,948

Escrowed resettlement funds

Total liabilities	<u>12,117</u>
	<u>52,065</u>

Net assets:

Unrestricted:

Operating	162,147
Fixed assets	<u>346,269</u>
Total unrestricted	<u>508,416</u>

Total Liabilities and Net Assets	<u>\$ 3,581,672</u>
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The accompanying notes are an integral part of the financial statements.

**Providence House
Statement of Activities
For the Year Ended September 30, 1997**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Other Support:			
Contractual revenue – grants	4 300,925	4 -	8 300,925
United Way allocation	53,725	-	53,725
Donations and contributions	438,925	-	438,925
Interest income	9,530	-	9,530
Net assets released from restrictions: Restrictions satisfied by expending funds for the purpose intended	10,580	(10,580)	-
Total revenues and other support	<u>813,215</u>	<u>(10,580)</u>	<u>802,635</u>
Functional Expenses:			
Program services	614,198	-	614,198
General administrative	37,173	-	37,173
Fund raising	23,958	-	23,958
Total expenses	<u>675,329</u>	<u>-</u>	<u>675,329</u>
Change in net assets	88,478	(10,580)	87,898
Net assets as of beginning of year	411,227	10,500	421,727
Net assets as of end of year	<u>\$ 500,025</u>	<u>\$ -</u>	<u>\$ 500,025</u>

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

Providence House
Statement of Functional Expenses
For the Year Ended September 30, 1987

	Program Services	General Administration	Fund Raising	Total
Expenses:				
Salaries and wages	\$ 384,338	\$ 32,881	\$ 11,304	\$ 428,523
Employee benefits	32,138	2,679	893	35,710
Payroll taxes and workers compensation	49,028	4,422	1,528	54,978
Office expense	--	8,424	8,707	17,131
Legal and accounting	--	3,748	--	3,748
Telephones	--	4,538	--	4,538
Utilities	35,538	--	--	35,538
Insurance	30,871	--	--	30,871
Repairs and maintenance	19,543	--	--	19,543
Vehicles	3,148	--	--	3,148
Resident expenses	8,488	--	--	8,488
Childrens' summer program	10,547	--	--	10,547
Resident graduation program	8,708	--	--	8,708
Resident counseling program	13,915	--	--	13,915
Offsite supportive housing	23,847	--	--	23,847
Travel and training	--	2,808	--	2,808
Other	1,481	8,828	--	10,309
Depreciation	27,877	8,898	--	36,775
Total expenses	\$ 614,308	\$ 77,179	\$ 23,568	\$ 715,055

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

Provident House
Statement of Cash Flows
For the Year Ended September 30, 1987

Operating activities:

Change in net assets	+	87,879
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		26,138
Decrease (increase) in operating assets:		
Grant receivables	+	26,808
Other receivables		879
Increase (decrease) in operating liabilities:		
Accounts payable		1,217
Accrued expenses		6,461
Net cash provided by operating activities		<u>185,869</u>

Investing Activities:

Payments for property and equipment	+	87,438
Purchases of short-term investments	+	174,839
Net cash used in investing activities		<u>262,277</u>

Financing Activities:

Payments on notes payable	+	16,828
Net cash provided in financing activities		<u>16,828</u>

Net (decrease) in cash and cash equivalents	+	124,898
Cash and cash equivalents as of beginning of year		150,267
Cash and cash equivalents as of end of year		<u>275,165</u>

Interest expense for the period ending September 30, 1987 was \$1,828.

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

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Providence House is a nonprofit corporation under the laws of the State of Louisiana. Providence House was established to provide housing services, training, employment and opportunities for breaking the cycle of homelessness. The support for Providence House comes primarily from private donations and grants which represent approximately 82% of revenues.

Approximately 35% of total revenues consist of contractual revenue of federal and state funds. A brief description of the programs - contracts, which are funded with those federal and state funds, are listed below with their approximate percentage of total revenues for the year ended September 30, 1997:

Emergency Shelter Basic Program (ESB) - 8% - Provides funds to assist in maintaining a shelter for homeless families. Funding is provided by federal funds passed through the City of Shreveport.

Emergency Food and Shelter - FEMA (2%) - Provides funds to assist in maintaining a shelter for homeless families. Funding is provided by federal funds passed through the local FEMA Board.

Children's Trust Fund (2%) - Provides funds to assist homeless children and their families to aid in the prevention of child abuse and neglect. Specifically to implement a resource support system to provide emotional, medical, educational and recreational support services for homeless children and their parents. Funding is provided by federal and state funds passed through the State of Louisiana Department of Social Services.

Supplemental Assistance for Facilities to Assist the Homeless (SAFAH) (8%) - Provides funds for the operation of a child care program for the residents of a homeless shelter and other homeless children. Funding is provided by federal funds passed through Shreveport SRS, Inc.

Community Development Block Grant (2%) - Provides funds to provide shelter for the homeless and to assist families with breaking the cycle of homelessness. Specifically, to ensure that families will be allowed to move from a structured program to an unstructured, independent program through a series of levels showing a proven responsibility and disciplined lifestyle. Funding is provided by federal and state funds passed through the City of Shreveport.

Supportive Housing Program - Transitional Living Program (17%) - Provides funds to facilitate the movement of homeless individuals and families to permanent housing. The temporary housing is combined with supportive services to enable homeless individuals and families to live as independently as possible. This program funds the education, counseling, housing and follow-up programs for Providence House. Funding is provided by federal funds from the U.S. Department of Housing and Urban Development.

(Continued)

Providence House
Notes to Financial Statements
September 30, 1997
(Continued)

Supportive Housing Program - Project Next Step (5%) - Provides funds to facilitate the movement of homeless individuals and families to permanent housing. The funds will provide lease arrangements for individuals and families along with supportive services to enable homeless individuals and families to break the cycle of homelessness. Funding is provided by federal funds from the U.S. Department of Housing and Urban Development.

Special Milk Program (LTS) - Provides funds to assist in providing milk to children who are residents of a homeless shelter, or children who are otherwise homeless. Funding is provided by federal funds passed through the State of Louisiana Department of Education.

B. Basis of Accounting

The financial statements of Providence House have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. 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 assets*, *temporarily restricted assets*, and *permanently restricted net assets*.

D. Investments

Investments consist of U.S. Treasury Bills. Investments are stated at cost, which approximates the market value.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

Cash equivalents, as stated for cash flow purposes, consists of non-interest bearing bank accounts, short term highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

(Continued)

Providence House
Notes to Financial Statements
September 30, 1997
(Continued)

G. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The funding sources and the Federal Government may have a reversionary interest in property purchased with those funds. Its disposition as well as the ownership of any proceeds therefrom is subject to certain funding source regulations.

H. Revenue and Support

Donations and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

I. Income Tax Status

Providence House is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. Providence House had no such income during this audit period.

J. Retirement Plan

Providence House established a profit-sharing plan for eligible employees. The name of the plan is Providence House Retirement Plan. The plan shall cover only employees having completed at least one year of service and having attained age 21. The employer contribution amount is determined by appropriate action of the Employer as of the time prescribed by law. Providence House has accrued \$18,000 for the plan for the year ended September 30, 1997.

(Continued)

Providence House
 Notes to Financial Statements
 September 30, 1987
 (Continued)

(2) Concentrations of Credit Risk

Financial instruments that potentially subject Providence House to concentrations of credit risk consist principally of temporary cash investments and grant receivables.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of September 30, 1987, Providence House had no significant concentrations of credit risk in relation to grant receivables.

Providence House maintains cash balances at one financial institution. Accounts at that institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At September 30, 1987 total cash balances held at the financial institution was \$87,518. This entire amount was secured by FDIC.

(3) Grant Receivables

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from the funding sources at September 30, 1987 but not received until after that date.

(4) Fixed Assets

A summary of fixed assets as of September 30, 1987 follows:

	Estimated Useful Life	Cost / Basis	Accumulated Depreciation
Land	N/A	\$ 74,480	\$ --
Buildings	25 years	758,000	33,088
Building improvements	25 years	38,100	6,817
Furniture & fixtures	7 years	34,888	34,591
Office equipment	5 years	47,283	19,057
Kitchen equipment	7 years	4,582	2,388
Playground equipment	7 years	38,482	806
Classroom computer lab	5 years	47,581	13,788
Vehicles	5 years	28,682	7,334
		<u>\$ 1,484,735</u>	<u>\$ 185,758</u>

(Continued)

Providence House
Notes to Financial Statements
September 30, 1997
(Continued)

(6) Restricted Cash – Resettlement Funds

The balance represents funds held by Providence House on behalf of the tenants of Providence House. Providence House has implemented a program whereby the tenants agree to escrow/deposit a certain percent of their support – wages into this account as they receive those funds. Upon graduation and/or leaving the shelter these funds will be distributed to the tenant or retained by Providence House. This amount is also shown as accrued resettlement funds in the liability section on the statement of financial position.

(8) Unrestricted Net Assets – Designated

Included in the unrestricted net assets are amounts designated by the Board for the following:

Funds received from insurance company designated	
for repairs to roofing structure	4 10,028
Funds received from a local organization designated	
for non-operating – capital expenditures	52,158
	<u>1 62,186</u>

(7) Contractual Revenue – Grants

Revenues shown as contracts with governmental agencies for the year ended September 30, 1997 consist of the following:

City of Sherborn – EOE	4 78,484
FDMA	15,480
Childrens Trust Fund	18,888
SAFARI Grant	81,481
Special Milk Program	1,026
EOE	1,680
U.S. Department of HUD	124,731
	<u>1 303,660</u>

(Continued)

Providence House
Notes to Financial Statements
September 30, 1987
(Continued)

(B) **Accrued Expenses**

An analysis of Providence House's accrued expenses at September 30, 1987 is as follows:

Payroll taxes	\$ 7,190
Commissions	887
Retirement	<u>18,089</u>
	<u>\$ 26,166</u>

(C) **Leases**

Providence House leases certain facilities under operating leases in conjunction with its supportive housing program. The rental costs on these leases for the year ended September 30, 1987, were \$13,830. As of September 30, 1987, there were no obligations under these lease agreements in excess of one year.

COON & MOFFHART

Certified Public Accountants

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OFFICE OF THE CHIEF OF BUREAU**

**Report on Compliance and an Internal Control Over Financial
Reporting Based on an Audit of Financial Statements
Performed in accordance With Government Auditing Standards**

**To the Board of Directors
Providence House
Shreveport, Louisiana**

We have audited the financial statements of Providence House as of and for the year ended September 30, 1993, and have issued our report thereon dated March 23, 1994. 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 Providence House's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with 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 Providence 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 management, the Board of Directors and the various leading sources of the organization. This restriction is not intended to limit the distribution of this report.



Cook & Merchant
Certified Public Accountants
March 23, 1958