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O'BRIEN HOUSE, INC.
BATON ROUGE, LOUISIANA
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9-8-04

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Certified Public Accountant



Donald C. DeVille

Member
American Institute CPAs

Member
Louisiana Society CPAs

7829 BLUEBONNET BLVD.
BATON ROUGE, LA 70810
(225) 767-7829

INDEPENDENT AUDITOR'S REPORT

April 14, 2004

Members of the Board of Directors
O'Brien House, Inc.
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of O'Brien House, Inc. (a non-profit organization) as of December 31, 2003, and the related statements of activities, functional expenses and cash flows, for the year then ended. These financial statements are the responsibility of O'Brien House, Inc.'s management. My responsibility is to express an opinion of these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provided a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the O'Brien House, Inc. as of December 31, 2003, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated April 14, 2004, on our consideration of O'Brien House, Inc.'s internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Donald C. DeVille

O'BRIEN HOUSE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2003
(With Comparative Totals for 2002)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u> 2003	<u>2002</u>
ASSETS				
CASH	\$50,058	\$16,777	\$66,835	\$118,372
RECEIVABLE-GRANTS	82,718	-0-	82,718	82,718
RECEIVABLE-OTHER	5,641	-0-	5,641	520
PREPAID	6,090	-0-	6,090	-0-
FIXED ASSETS	492,879	-0-	492,879	513,757
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	637,386	16,777	654,163	715,367
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS				
LIABILITIES				
REHABILITATION LOAN	\$167,794	\$-0-	\$167,794	\$176,581
LINE OF CREDIT	13,187	-0-	13,187	43,825
ACCOUNTS PAYABLE	7,722	-0-	7,722	16,472
EMPLOYEE WITHHOLDING	3,038	-0-	3,038	5,468
ACCRUED WAGES PAYABLE	22,220	-0-	22,220	16,276
ACCRUED VACATION PAYABLE	6,803	-0-	6,803	10,492
ESCROW CLIENT ACCOUNTS	-0-	4,077	4,077	9,395
ADVANCE DEPOSITS	-0-	12,700	12,700	-0-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	220,764	16,777	237,541	278,509
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
NET ASSETS				
Unrestricted	416,622	-0-	416,622	436,858
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES & NET ASSETS	637,386	16,777	654,163	715,367
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

O'BRIEN HOUSE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2003
(With Comparative Totals for 2002)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL 2003</u>	<u>2002</u>
REVENUE AND OTHER SUPPORT:				
CONTRIBUTIONS	\$92,233	\$-0-	\$92,233	\$88,465
IN KIND DONATION-BUILDING	15,000		15,000	-0-
GOVERNMENT GRANTS	427,657	-0-	427,657	463,625
OTHER GRANTS	688	-0-	688	6,214
UNITED WAY ALLOCATIONS	300,600	-0-	300,600	300,600
PROGRAM SERVICE FEES-RENT	118,704	-0-	118,704	67,654
INTEREST INCOME	4	-0-	4	15
SPECIAL EVENTS	3,865	-0-	3,865	11,182
VENDING	8,007	-0-	8,007	7,037
OTHER	2,338	-0-	2,338	2,767
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	969,096	-0-	969,096	947,559
EXPENSES:				
PROGRAM SERVICES	855,662	-0-	855,662	758,060
MANAGEMENT & GENERAL	133,670	-0-	133,670	123,645
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	989,332	-0-	989,332	881,705
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SUPPORT OVER EXPENSES				
	(20,236)	-0-	(20,236)	65,854
NET ASSETS, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	436,858	-0-	436,858	371,004
NET ASSETS, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	416,622	-0-	416,622	436,858

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

O'BRIEN HOUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2003
(With Comparative Totals for 2002)

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT GENERAL</u>	<u>TOTALS</u>	
			<u>2003</u>	<u>2002</u>
SALARIES	\$475,984	\$83,997	\$559,981	\$536,027
PAYROLL TAXES	38,528	6,799	45,327	42,465
EMPLOYEE BENEFITS	40,503	7,148	47,651	19,483
ACCOUNTING	7,603	1,342	8,945	7,518
SUPPLIES	45,518	7,425	45,518	33,996
FOOD AND BEVERAGE	64,439	-0-	64,439	47,099
TELEPHONE	12,115	2,138	14,253	16,517
POSTAGE	2,747	485	3,232	4,350
OCCUPANCY	50,927	6,340	57,267	36,852
MAINTENANCE	24,630	4,346	28,976	23,818
PRINTING	639	113	752	655
TRAVEL	7,440	1,313	8,753	6,824
CONFERENCES	4,359	769	5,128	6,702
INTEREST AND PENALTIES	1,310	231	1,541	6,055
DEPRECIATION	24,412	4,308	28,720	28,482
INSURANCE	24,592	4,340	28,932	33,842
SPECIFIC ASSISTANCE	5,430	-0-	5,430	4,999
DUES AND MEMBERSHIPS	1,350	238	1,588	1,400
SPECIAL EVENTS	13,039	-0-	13,039	11,203
L.E.H. & SPIRITUALITY	290	-0-	290	2,700
PROFESSIONAL & CONSULTING	3,981	-0-	3,981	4,949
MISCELLANEOUS	13,251	2,338	15,589	5,755
TOTAL EXPENSES	<u>855,662</u>	<u>133,670</u>	<u>989,332</u>	<u>881,704</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

O'BRIEN HOUSE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003
(With Comparative Totals for 2002)

	<u>2003</u>	<u>2002</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Increase (Decrease) In Net Assets	\$(20,236)	(65,854)
Adjustments To Reconcile Increase In Net Assets To Net Cash Provided By Operating Activities:		
Depreciation	28,720	28,482
(Increase) Decrease In Operating Assets:		
Receivable-Grant	-0-	(40,195)
Receivable-Other	(5,121)	(520)
Prepaid Expenses	(6,090)	-0-
Increase (Decrease) In Operating Liabilities:		
Accounts Payable	(8,750)	1,102
Withholding	(2,430)	5,343
Accrued Wages	5,944	(4,731)
Accrued Vacation	(3,689)	2,850
Escrow-Client Accounts	(5,318)	5,324
Advances	12,700	-0-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(4,270)</u>	<u>63,509</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of Equipment & Building Improvements	<u>(7,842)</u>	<u>(970)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds of Long-Term Borrowings	-0-	-0-
Repayment of Long-Term Debt	<u>(39,425)</u>	<u>(15,038)</u>
NET CASH PROVIDED FROM FINANCING ACTIVITIES	<u>(39,425)</u>	<u>(15,038)</u>
NET INCREASES (DECREASE) IN CASH AND CASH EQUIVALENTS	(51,537)	47,501
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>118,372</u>	<u>70,871</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>66,835</u></u>	<u><u>118,372</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

O'BRIEN HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE #1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

O'Brien House, Inc. is a Louisiana non-profit corporation whose mission is to contribute to a sustained reduction in the use and abuse of alcohol, tobacco, and other chemicals proven to be hazardous to human health and detrimental to community well being. To create a presence in the community which inspires and promotes sobriety and healthy living.

BASIS OF PRESENTATION

The O'Brien House has adopted Statement of Financial Accounting Standards No. 117 (SFAS No. 117), Financial Statements of Not-for-Profit Organizations. Under FAS No. 117, the O'Brien House 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 O'Brien House is required to present a statement of cash flows. The O'Brien House does not use fund accounting.

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the O'Brien House that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income. The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

DONATED SERVICES AND FACILITIES

During the year the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

The Organization received free use of facilities for one of its programs from the City of Baton Rouge which was valued and recorded as \$15,000.

O'BRIEN HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

Contributions

The O'Brien House has also adopted SFAS No. 116, "Accounting for Contributions Received And Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted supported depending on the existence or nature of any donor restrictions.

Tax Status

The O'Brien House is exempt from Federal Income Taxes under Section 501 (c) (3) of the Internal Revenue Code, and has been designated as an organization which is not a private foundation.

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with maturity of three months or less to be cash equivalents.

INVENTORIES

Inventory is stated at the lower cost or market, determined by the first-in, first-out method. There were no inventories at year end.

PREPAID

Insurance and similar services which extend over more than one accounting period have been recorded as expense.

USE OF ESTIMATES

The preparation of financial statements in-conformity with generally accepted accounting principles require 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

The purchase of property and equipment is recorded at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$500. 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. Property and equipment is depreciated using the straight-line method over the estimated useful lives of 5 to 10 years.

O'BRIEN HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

COMPARATIVE DATA

Comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the O'Brien House's financial position and operations. However, presentation of comparative data by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE #2. CONCENTRATION OF CREDIT RISK FOR CASH HELD IN BANK

The O'Brien House maintains several bank accounts at three financial institutions. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000.

At December 31, 2003, the O'Brien House had cash and cash equivalent (book balances) totaling \$66,835. These deposits are stated at cost which approximates market. At December 31, 2003, the O'Brien House had \$67,785 in deposits (collected bank balances) and cash at these institutions was Federally insured by FDIC.

NOTE #3. GRANTS RECEIVABLE

Grants receivable at year-end comprise of the following:

Louisiana Dept Health & Hospitals	\$26,970
Department of Corrections-Hunt	18,516
East Baton Rouge City-Paris	37,232
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Total	82,718
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NOTE #4. FIXED ASSETS

A summary of Fixed Assets at year end is as follows:

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>BOOK VALUE</u>
Land	\$73,500	\$-0-	\$73,500
Building	592,693	196,885	395,808
Equipment	112,364	95,455	16,909
Equipment-ADAC	44,599	37,937	6,662
Vehicle	51,137	51,137	-0-
	<hr/>	<hr/>	<hr/>
Total	874,293	381,414	492,879
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

O'BRIEN HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE #5. LOANS

The Organization has a rehabilitation loan for \$186,042, originally \$190,000, authorized by the City of Baton Rouge-Parish of East Baton Rouge with 0% interest. This loan was converted into a mortgage loan in 2001, with 240 payments of \$792 per month	\$167,794
The Organization also has of \$49,398 Line Of Credit with Bank One, 50,000 authorized, at 7.75% interest	13,187
Total	<u>180,981</u>

Maturities on notes payable are as follows:

<u>Year Ended</u>	<u>City-Parish</u>	<u>Bank One</u>	<u>Total</u>
12-31-2004	\$9,500	-0-	9,500
12-31-2005	9,500	13,187	22,687
12-31-2006	9,500	-0-	9,500
12-31-2007	9,500	-0-	9,500
12-31-2008	9,500	-0-	9,500
Thereafter	120,294	-0-	120,294
Total	167,794	13,187	180,981

NOTE #6. TEMPORARILY RESTRICTED ESCROW

O'Brien House, Inc. holds funds on behalf of its clients. At year-end the balance of these funds are as follows:

Client Savings	<u>\$4,077</u>
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NOTE #7. ASSIMILATION

In December 2000, Alcohol and Drug Abuse Council, Inc. (ADAC), a 501 C 3 non profit corporation, programs were assimilated into O'Brien House, Inc.

The assets and liabilities of ADAC are included in these financial statements except for the Social Security Representative Payee Accounts under dispute.

O'BRIEN HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE #8. 403 (b) (7) PLAN

The Organization has a 403 (b) (7) Plan, "salary reduction plan" where by the employee chooses to reduce their compensation and have these amounts contributed to the Plan on their behalf. The employee amount can not exceed the lesser of \$11,000 or 100% of salary. The purpose of the Plan is to reward eligible employees for long and loyal service by providing them with retirement benefits. Employee are eligible to participate in the Plan on the date of their employment. The Organization has the option to match employee contributions. No match was paid for the year.

NOTE #9. CONTINGENCIES

The O'Brien House receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable cost. Management is of the opinion that no material liability will result from such audits.

NOTE #10. ECONOMIC DEPENDENCY

The O'Brien House receives the majority of its revenues from funds provided through grants administered by the Louisiana Department of Health & Hospitals, East Baton Rouge City-Parish and the United Way. The grant amounts are appropriated each year by the federal and state governments and the local United Way. If significant budget cuts are made at the federal, state and or local level the amount of funds the O'Brien House receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the O'Brien House will receive in the next fiscal year.

NOTE 11 - RISK MANAGEMENT

The O'Brien House is exposed to various risks of loss related to torts, theft of, damage of and destruction of assets; errors and omissions and natural disasters for which the organization carries commercial insurance. There have been no significant reductions in coverage from prior year and settlements have not exceeded coverage in the past three years.

SUPPLEMENTAL INFORMATION

Certified Public Accountant



Donald C. DeVille

Member
American Institute CPAs

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7829 BLUEBONNET BLVD.
BATON ROUGE, LA 70810
(225) 767-7829

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

April 14, 2004

To the Board of Directors
The O'Brien House
Baton Rouge, Louisiana

I have audited the financial statements of the O'Brien House, Inc. as of and for the year ended December 31, 2003, and have issued my report thereon dated April 14, 2004. I conducted my 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 O'Brien House Inc.'s financial statements are free of material misstatement, I 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 those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered O'Brien House's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operations that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect its ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings.

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.

I noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, board members, and federal awarding agencies, pass-through entities, and state Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "R.D. @ Lew-llc". The signature is written in a cursive, slanted style.

O'BRIEN HOUSE, INC.
SCHEDULE OF PRIOR YEARS AUDIT FINDINGS
FOR YEAR ENDED DECEMBER 31, 2003

<u>REF</u> <u>NO.</u>	<u>FISCAL YEAR</u> <u>FINDING</u> <u>INITIALLY</u> <u>OCCURRED</u>	<u>DESCRIPTION OF FINDING</u>	<u>CORRECTIVE</u> <u>ACTION TAKEN</u> <u>(YES,NO,PARTIALLY)</u>	<u>CORRECTIVE</u> <u>ACTION/PARTIAL</u> <u>CORRECTIVE</u> <u>ACTION TAKEN</u>
1.	12-31-02	There were Differences Between the Client Cash, Client Subsidiary and Cleint Liability Accounts.	Partially	Still Differences But, Smaller.

* * * *

O'BRIEN HOUSE, INC.
SCHEDULE OF CURRENT YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2003

REPORTABLE CONDITION: There were differences between the Client Savings Cash Account = \$3,587, Client Savings Liability Account = \$4,207, and Client Savings Account subsidiary ledger = \$4,077.

CRITERIA: The cash account, liability and subsidiary accounts should all agree.

CAUSE: The new accountant inherited the differences.

EFFECT: There is no material effect to these financial statements.

RECOMMENDATION: I recommend that the general ledger be adjusted to the client subsidiary and the accounts be reconciled monthly.

* * * *

O'BRIEN HOUSE, INC.
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR YEAR ENDED DECEMBER 31, 2003

<u>REF NO.</u>	<u>DESCRIPTION OF FINDING</u>	<u>CORRECTIVE ACTION PLANNED</u>	<u>NAME OF CONTACT PERSON</u>	<u>ANTICIPATED COMPLETION DATE</u>
1.	Unreconciled Client Savings Account.	Monthly Reconciliations Planned.	Katherine Martin	5-31-04

* * * *

O'BRIEN HOUSE, INC.
AUDIT COST PAID WITH FEDERAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

No audit cost were paid with Federal Funds.