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RESPONSIBILITY HOUSE
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
June 30, 1999

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 DEC 22 1999

CASCIO, DAVIS & SCHMIDT, LLP
Certified Public Accountants

RESPONSIBILITY HOUSE

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CD&S

CASCIO, DAVIS & SCHMIDT, LLP

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
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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, 1999, 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. Those 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, 1999, and the changes in net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

We have also issued our report dated November 19, 1999, on our consideration of internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Responsibility House taken as a whole. The accompanying summary statement of activities by program and statement of expenditures by program are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Cassio, Davis & Schmidt, LLP

Metairie, Louisiana
November 19, 1999

RESPONSIBILITY HOUSE
STATEMENT OF FINANCIAL POSITION

June 30, 1999

ASSETS

CURRENT ASSETS

Cash	\$ 33,250
Grants receivable (Note B)	13,804
Prepaid expenses	<u>4,500</u>

Total current assets 51,554

PROPERTY AND EQUIPMENT (Note A)

Automotive equipment	14,700
Furniture, equipment and appliances	20,425
Leasehold improvements	<u>1,442</u>
	36,567

Less accumulated depreciation 24,710 11,857

OTHER ASSETS

Deposits 1,000

\$ 64,411

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Note payable, bank	\$ 5,644
Accrued liabilities	<u>4,317</u>
Total current liabilities	9,961

NET ASSETS (Note A)

Unrestricted	49,450
Temporarily restricted	<u>5,000</u>

Total Net Assets 54,450

\$ 64,411

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE
STATEMENT OF ACTIVITIES
Year Ended June 30, 1999

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES			
Grants	\$ -	\$ 215,571	\$ 215,571
Client service fees	42,563	-	42,563
Other	395	-	395
Net assets released from restriction	<u>210,571</u>	<u>(210,571)</u>	<u>-</u>
Total Revenues	<u>253,529</u>	<u>5,000</u>	<u>258,529</u>
EXPENSES			
Personal services	127,555		127,555
Fringe benefits	12,531		12,531
Travel	481		481
Operating services	86,076		86,076
Supplies	12,425		12,425
Professional services	6,538		6,538
Depreciation	<u>2,814</u>		<u>2,814</u>
Total Expenses	<u>248,420</u>	<u>-</u>	<u>248,420</u>
INCREASE IN NET ASSETS	5,109	5,000	10,109
NET ASSETS, BEGINNING OF YEAR	<u>44,341</u>	<u>-</u>	<u>44,341</u>
NET ASSETS, END OF YEAR	\$ <u>49,450</u>	\$ <u>5,000</u>	\$ <u>54,450</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE
STATEMENT OF CASH FLOWS
Year Ended June 30, 1999

CASH FLOWS FROM OPERATING ACTIVITIES		
Grant revenue	\$ 212,297	
Client service fees	42,563	
Other	<u>395</u>	
	255,255	
Payments to employees and suppliers	(244,249)	
Interest expense	<u>(689)</u>	
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ 10,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(4,552)</u>	
NET CASH USED IN INVESTING ACTIVITIES		(4,552)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank loan	10,000	
Payments on bank loan	<u>(4,356)</u>	
NET CASH PROVIDED BY FINANCING ACTIVITIES		5,644
NET INCREASE IN CASH AND CASH EQUIVALENTS		11,409
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>21,841</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		\$ <u>33,250</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase in net assets		\$ 10,109
Adjustments to reconcile increase in net assets provided by operating activities:		
Depreciation	\$ 2,814	
(Increase) in operating assets:		
Grants receivable	(3,274)	
Increase in operating liabilities:		
Accrued expenses	<u>668</u>	
Total adjustments		<u>208</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		\$ <u>10,317</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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. Nature of Activities

Responsibility House is a private, non-profit Halfway House and three quarterway house for the treatment of adult, chemically dependent males. The accompanying financial statements present all programs operated by Responsibility House during the year ended June 30, 1999.

2. Basis of Accounting

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

The Corporation's financial statements are presented in accordance with the requirements of Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made. Contributions received are recorded as unrestricted, temporarily restricted, and permanently restricted support, depending on the existence or nature of any donor restrictions. The financial statements are also in accordance with SFAS 117, Financial Statements of Not-for-Profit Organizations. 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 at June 30, 1999.

3. 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, 1999

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. 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 these 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 grant funding during the year ended June 30, 1999 amounted to \$3,044.

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 \$2,814 for the year ended June 30, 1999.

5. 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.

6. Revenue Recognition

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

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1999

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

7. 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, and City of New Orleans (HOPWA grant) represent the amount of funds awarded and earned but not received at June 30, 1999, as scheduled below:

	<u>Jefferson Parish Human Services Authority</u>		<u>HOPWA Grant</u>	
	<u>Grant No. 1</u>	<u>Grant No. 2</u>		<u>Total</u>
Funds awarded and earned through June 30, 1999	\$ 117,737	\$ 67,631	\$ 30,203	\$ 215,571
Funds received through June 30, 1999	<u>114,016</u>	<u>64,101</u>	<u>23,650</u>	<u>201,767</u>
Grants receivable at June 30, 1999	\$ <u>3,721</u>	\$ <u>3,530</u>	\$ <u>6,553</u>	\$ <u>13,804</u>

All receivables at June 30, 1999 are considered collectible, accordingly, an allowance for doubtful accounts is not presented.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 1999

NOTE C - FUNCTIONAL EXPENSES

Functional expenses for the year ended June 30, 1999 are as follows.

	PROGRAM SERVICES			SUPPORTING SERVICES	TOTAL
	Primary Treatment	Independent Living	HOPWA	Management & General	
Personal Services	\$ 62,677	\$ 42,264	\$ 13,659	\$ 8,955	\$ 127,555
Fringe Benefits	6,197	4,035	1,430	869	12,531
Travel	481	-	-	-	481
Operating Services	38,560	14,851	9,761	22,904	86,076
Supplies	5,755	3,580	2,574	516	12,425
Professional Services	2,908	2,357	1,210	63	6,538
Depreciation	-	-	-	2,814	2,814
Totals	\$ <u>116,578</u>	\$ <u>67,087</u>	\$ <u>28,634</u>	\$ <u>36,121</u>	\$ <u>248,420</u>

Interest expense amounting to \$689 is included in Operating Services-Management and General.

NOTE D - FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE E - OPERATING LEASE COMMITMENT

The Corporation entered into an operating lease November 1, 1996, for client and office facilities, expiring June 30, 2001. The lease can 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, 1999 amounted to \$48,000.

NOTE F - BOARD OF DIRECTORS' COMPENSATION

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

NOTE G - ECONOMIC DEPENDENCY

The Corporation receives the majority of its revenue 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 operation. 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.

SUPPLEMENTAL INFORMATION

RESPONSIBILITY HOUSE

SUMMARY STATEMENT OF ACTIVITIES BY PROGRAM

Year Ended June 30, 1999

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>	
	<u>Primary Treatment</u>	<u>Independent Living</u>	<u>HOPWA</u>	<u>Management & General</u>	<u>TOTAL</u>
REVENUES	\$ 117,737	\$ 67,631	\$ 30,203	\$ 42,958	\$ 258,529
EXPENDITURES (Page 11)	(117,737)	(67,631)	(29,975)	(37,629)	(252,972)
ADD BACK CAPITAL ACQUISITIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,552</u>	<u>4,552</u>
EXCESS OF REVENUES OVER EXPENSES	\$ <u>-</u>	\$ <u>-</u>	\$ <u>228</u>	\$ <u>9,881</u>	\$ <u>10,109</u>

RESPONSIBILITY HOUSE

STATEMENT OF EXPENDITURES PROGRAM

Year Ended June 30, 1999

	PROGRAM SERVICES			SUPPORTING SERVICES	TOTAL
	Primary Treatment	Independent Living	HOPWA	Management & General	
PERSONAL SERVICES					
Wages	\$ 62,338	\$ 42,264	\$ 13,659	\$ 8,955	\$ 127,216
Contract labor	339	-	-	-	339
	<u>62,677</u>	<u>42,264</u>	<u>13,659</u>	<u>8,955</u>	<u>127,555</u>
FRINGE BENEFITS					
Payroll taxes	5,428	3,475	1,144	869	10,916
Workmens' compensation insurance	769	560	286	-	1,615
	<u>6,197</u>	<u>4,035</u>	<u>1,430</u>	<u>869</u>	<u>12,531</u>
TRAVEL	<u>481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>481</u>
OPERATING SERVICES					
Advertising	-	594	-	-	594
Mileage	3,905	408	-	-	4,313
Dues and fees	-	-	-	75	75
Entertainment	520	104	-	770	1,394
Interest	-	-	689	-	689
Insurance	6,326	896	575	597	8,394
Licenses and permits	776	175	100	24	1,075
Miscellaneous/bank charges	722	15	-	812	1,549
Rent	17,258	8,481	7,000	15,261	48,000
Telephone	1,356	566	458	720	3,100
Training and education	1,208	716	151	-	2,075
Utilities	3,869	2,058	605	4,017	10,549
Repairs and maintenance	1,452	533	33	449	2,467
Transportation	<u>1,168</u>	<u>305</u>	<u>150</u>	<u>179</u>	<u>1,802</u>
	<u>38,560</u>	<u>14,851</u>	<u>9,761</u>	<u>22,904</u>	<u>86,076</u>
SUPPLIES					
Cleaning/Household supplies	2,633	2,674	442	404	6,153
Food	-	-	1,193	-	1,193
Office supplies	<u>3,122</u>	<u>906</u>	<u>939</u>	<u>112</u>	<u>5,079</u>
	<u>5,755</u>	<u>3,580</u>	<u>2,574</u>	<u>516</u>	<u>12,425</u>
PROFESSIONAL SERVICES					
Accounting and audit	2,113	2,112	650	-	4,875
Professional and Consulting	795	245	560	63	1,663
	<u>2,908</u>	<u>2,357</u>	<u>1,210</u>	<u>63</u>	<u>6,538</u>
DEPRECIATION	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,814</u>	<u>2,814</u>
TOTAL EXPENSES	116,578	67,087	28,634	36,121	248,420
EQUIPMENT ACQUISITIONS	<u>1,159</u>	<u>544</u>	<u>1,341</u>	<u>1,508</u>	<u>4,552</u>
TOTAL EXPENDITURES	\$ <u>117,737</u>	\$ <u>67,631</u>	\$ <u>29,975</u>	\$ <u>37,629</u>	\$ <u>252,972</u>

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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, 1999, and have issued our report thereon dated November 19, 1999. 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, 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 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, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cassio, Davis & Schmidt, LLP

Metairie, Louisiana
November 19, 1999

RESPONSIBILITY HOUSE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 1999

AUDIT FINDINGS

There were no prior year or current year audit findings.

QUESTIONED COSTS

There were no questioned costs.

MANAGEMENT LETTER

A management letter was not issued for the year ended June 30, 1999.