

5784

RECEIVED  
LEGISLATIVE AUDITOR  
2005 JAN -3 AM 10: 53

## RESPONSIBILITY HOUSE

### FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2004

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 2-2-05

**CASCIO, DAVIS & SCHMIDT, LLP**  
**Certified Public Accountants**

## RESPONSIBILITY HOUSE

### TABLE OF CONTENTS

	<b>PAGE</b>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9
SUPPLEMENTAL INFORMATION	
Combined Statement of Activities	11 - 13
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	14 - 15
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	16

**CD&S**

**CASCIO, DAVIS & SCHMIDT, LLP**

*CERTIFIED PUBLIC ACCOUNTANTS*

FRANCIS J. CASCIO, CPA  
JAN E. DAVIS, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

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, 2004, 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 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 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, 2004, 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, we have also issued a report dated December 23, 2004, on our consideration of Responsibility House's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying combined statement of activities is presented for the purpose 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 examination 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.

*Cascio, Davis + Schmitt, R.P.*

Metairie, Louisiana  
December 23, 2004

**RESPONSIBILITY HOUSE**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2004**

**ASSETS**

**CURRENT ASSETS**

Cash	\$	-	
Grants receivable (Note B)		65,474	
Prepaid expenses		<u>4,746</u>	
Total current assets			\$ 70,220

**PROPERTY AND EQUIPMENT (Notes A-4)**

Automotive equipment		96,002	
Furniture, equipment and appliances		92,828	
Leasehold improvements		<u>1,442</u>	
		190,272	
Less accumulated depreciation		<u>138,571</u>	51,701

**OTHER ASSETS**

Deposits			<u>1,540</u>
Total assets			\$ <u>123,461</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Note payable, bank			\$ 76,500
Accounts payable			<u>16,476</u>
Total current liabilities			92,976
Total liabilities			92,976

**NET ASSETS (Note A)**

Unrestricted		(34,989)	
Temporarily restricted		<u>65,474</u>	
Total Net Assets			<u>30,485</u>
Total liabilities and net assets			\$ <u>123,461</u>

The accompanying notes are an integral part of this statement.

**RESPONSIBILITY HOUSE**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2004**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Grants (Note B)	\$ -	\$ 676,488	\$ 676,488
Client service fees	91,658	-	91,658
Other	4,783	-	4,783
Net assets released from restriction	<u>660,789</u>	<u>(660,789)</u>	<u>-</u>
Total Revenues	<u>757,230</u>	<u>( 15,699)</u>	<u>772,929</u>
<b>EXPENSES</b>			
Personal services	433,154	-	433,154
Related benefits	39,570	-	39,570
Travel	13,270	-	13,270
Operating services	104,465	-	104,465
Supplies	40,333	-	40,333
Professional services	13,502	-	13,502
Occupancy	155,114	-	155,114
Transportation	18,226	-	18,226
Depreciation	<u>33,141</u>	<u>-</u>	<u>33,141</u>
Total Expenses	<u>850,775</u>	<u>-</u>	<u>850,775</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	( 93,545)	15,699	( 77,846)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>58,556</u>	<u>49,775</u>	<u>108,331</u>
<b>NET ASSETS, END OF YEAR</b>	\$ ( <u>34,989</u> )	\$ <u>65,474</u>	\$ <u>30,485</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2004**

CASH FLOWS FROM OPERATING ACTIVITIES		
Grant revenue	\$ 656,643	
Client service fees	91,658	
Other	<u>4,783</u>	
	753,084	
Payments to employees and suppliers	(798,555)	
Interest expense	<u>(4,060)</u>	
NET CASH USED BY OPERATING ACTIVITIES		\$ (49,531)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(8,896)</u>	
NET CASH USED IN INVESTING ACTIVITIES		( 8,896)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on vehicle loan	( 5,649)	
Proceeds from line of credit loan	<u>51,500</u>	
NET CASH PROVIDED BY FINANCING ACTIVITIES		<u>45,851</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(12,576)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>12,576</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		\$ <u><u>-</u></u>
RECONCILIATION OF DECREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Decrease in net assets		\$ (77,846)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	\$ 33,141	
(Increase) Decrease in operating assets:		
Grants receivable	(19,845)	
Increase - Accounts payable	<u>15,019</u>	
Total adjustments		<u>28,315</u>
NET CASH USED BY OPERATING ACTIVITIES		\$ <u><u>(49,531)</u></u>

The accompanying notes are an integral part of this statement.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2004

### 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 follow.

#### 1. Nature of Activities

Responsibility House is a private, non-profit corporation. Responsibility House operates a halfway house and three quarterway house program, a supportive housing program, and a social detoxification program. The accompanying financial statements present all programs operated by Responsibility House during the year ended June 30, 2004.

#### 2. Presentation of Financial Statements

The Corporation's financial statements are presented in accordance with the requirements established by the Financial Accounting Standards No. 117, Financial Statements of "Not-For-Profit Organizations." Accordingly, the net assets of the corporation are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

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

#### 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.

#### 4. Property and Equipment

Property and equipment acquired by Responsibility House are considered to be owned by Responsibility House. However, State and Federal 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



NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2004

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Property and Equipment - continued

State and Federal governments have a reversionary interest in those assets purchased with its funds which have a cost of \$250 or more.

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 \$33,141 for the year ended June 30, 2004.

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.

7. Fair Values of Financial Instruments

The carrying amounts of cash and cash equivalents reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

8. 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.

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2004

**NOTE B - GRANTS RECEIVABLE AND REVENUE**

Grants receivable and grant revenue at June 30, 2004, are as follows:

	<u>Grants receivable</u>	<u>Grant revenue for the year</u>
Jefferson Parish Human Services Authority		
Primary Treatment Program	\$ 12,712	\$ 102,106
Independent Living Program	4,092	82,486
Social Detoxification Program	3,567	159,531
HUD		
Supportive Housing Program - 2002	-	112,979
Supportive Housing Program - 2003	-	152,124
HOPWA	14,952	23,736
Community Development Block Grant	7,602	20,977
Baptist Community Ministries	<u>22,549</u>	<u>22,549</u>
	<u>\$ 65,474</u>	<u>\$ 676,488</u>

Matching requirements:

The cash match for the Supportive Housing Program is as follows:

Supportive Services category

CDBG funds	\$ 20,977
Responsibility House funds	<u>258</u>
	<u>\$ 21,235</u>

Operations category - \$7,596 met by Responsibility House.

The corporation considers accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

**NOTE C - OPERATING LEASE COMMITMENT**

The Corporation has an operating lease, for the residential treatment program, expiring June 30, 2004. The rental is \$3,600 monthly through June 30, 2004. The corporation also makes lease payments for client occupied apartments and an office for the HUD Supportive Housing Program. Rental expense for the year is as follows:

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

June 30, 2004

**NOTE C - OPERATING LEASE COMMITMENT - Continued**

	Client occupied <u>apartments</u>	<u>Office</u>	<u>Total</u>
Jefferson Parish Human Services Authority	\$ 26,175	\$ -	\$ 26,175
HOPWA	4,725	1,900	6,625
HUD - SHP	101,079	10,921	112,000
Client service fees	6,601	1,813	8,414
Baptist Community Ministries	<u>1,900</u>	<u>-</u>	<u>1,900</u>
	\$ <u>140,480</u>	\$ <u>14,634</u>	\$ <u>155,114</u>

**NOTE D - BOARD OF DIRECTORS' COMPENSATION**

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

**NOTE E - ECONOMIC DEPENDENCY**

The Corporation receives a substantial amount 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**  
**COMBINED STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2004**

	<u>JPHSA Primary Treatment</u>	<u>JPHSA Independent Living</u>	<u>JPHSA Social Detox</u>	<u>HUD Supportive Housing-2002</u>
<b>REVENUE</b>				
Grant appropriations	\$ 102,106	\$ 82,486	\$ 159,531	\$ 112,979
Client service fees	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>102,106</u>	<u>82,486</u>	<u>159,531</u>	<u>112,979</u>
<b>EXPENSES</b>				
Personal services	64,845	47,210	154,736	63,581
Related benefits	5,434	4,221	15,734	5,243
Travel	2,723	1,460	1,905	273
Operating services	22,565	16,265	13,123	4,673
Supplies	12,712	5,906	8,147	705
Professional services	1,231	1,782	4,794	320
Occupancy	16,075	10,100	-	35,910
Transportation	2,689	549	4,600	2,297
Other				
Depreciation	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Total expenses	<u>134,274</u>	<u>87,493</u>	<u>209,039</u>	<u>113,002</u>
Excess of Revenue or (Expenses)	( 32,168)	( 5,007)	( 49,508)	( 23)
Capital Acquisitions Capitalized	( 876)	-	-	-
Transfers to/from Management and General	<u>33,044</u>	<u>5,007</u>	<u>49,508</u>	<u>23</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	-	-	-	-
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

**RESPONSIBILITY HOUSE**  
**COMBINED STATEMENT OF ACTIVITIES - Continued**  
**Year Ended June 30, 2004**

	<u>HUD Supportive Housing-2003</u>	<u>HOPWA</u>	<u>Community Development Block Grant</u>
<b>REVENUE</b>			
Grant appropriations	\$ 152,124	\$ 23,736	\$ 20,977
Client service fees	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>152,124</u>	<u>23,736</u>	<u>20,977</u>
<b>EXPENSES</b>			
Personal services	50,945	10,926	19,750
Related benefits	4,482	997	1,691
Travel	665	-	300
Operating services	9,244	6,921	713
Supplies	1,757	274	186
Professional services	325	1,135	-
Occupancy	76,090	6,625	-
Transportation	3,758	34	136
Other	-	-	-
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>147,266</u>	<u>26,912</u>	<u>22,776</u>
Excess of Revenue or (Expenses)	4,858	( 3,176)	( 1,799)
Capital Assets Capitalized	( 4,858)	( 1,684)	-
Transfers to/from Management and General	<u>-</u>	<u>4,860</u>	<u>1,799</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

**RESPONSIBILITY HOUSE**

**COMBINED STATEMENT OF ACTIVITIES - Continued**

**Year Ended June 30, 2004**

	<u>Baptist Community Ministeries</u>	<u>Total Grants</u>	<u>Management and General</u>	<u>Total</u>
<b>REVENUE</b>				
Grant appropriations	\$ 22,549	\$ 676,488	\$ -	\$ 676,488
Client service fees	-	-	91,658	91,658
Other	<u>-</u>	<u>-</u>	<u>4,783</u>	<u>4,783</u>
Total Revenue	<u>22,549</u>	<u>676,488</u>	<u>96,441</u>	<u>772,929</u>
<b>EXPENSES</b>				
Personal services	5,858	417,851	15,303	433,154
Related benefits	528	38,330	1,240	39,570
Travel	281	7,607	5,663	13,270
Operating services	4,909	78,413	26,052	104,465
Supplies	517	30,204	10,129	40,333
Professional services	3,040	12,627	875	13,502
Occupancy	1,900	146,700	8,414	155,114
Transportation	285	14,348	3,878	18,226
Other			-	
Depreciation	<u>-</u>	<u>12,000</u>	<u>21,141</u>	<u>33,141</u>
Total expenses	<u>17,318</u>	<u>758,080</u>	<u>92,695</u>	<u>850,775</u>
Excess of Revenue or (Expenses)	5,231	( 81,592)	3,746	( 77,846)
Capital Acquisitions Capitalized	-	( 7,418)	7,418	-
Transfers to/from Management and general	( 5,231)	<u>89,010</u>	( 89,010)	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	( )	( )	( 77,846)	( 77,846)
Net assets, beginning of year	<u>          </u>	<u>          </u>	<u>108,331</u>	<u>108,331</u>
Net assets, end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>30,485</u>	\$ <u>30,485</u>

FRANCIS J. CASCIO, CPA  
JAN E. DAVIS, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
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, 2004, and have issued our report thereon dated December 23, 2004. We conducted our 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.

**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 and use of the audit committee, management, others within the organization, the Louisiana Legislative Auditor, 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Carcio, Davis + Schmitt, LPA*

Metairie, Louisiana  
December 23, 2004

**RESPONSIBILITY HOUSE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year ended June 30, 2004**

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, 2004.