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**OUR HOUSE, INC.**

*Financial Statements  
For the 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



OUR HOUSE, INC.  
FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2003

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# CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

*Certified Public Accountants*

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (318) 323-1717

Fax (318) 322-5121

E-Mail: [chhcpas@bellsouth.net](mailto:chhcpas@bellsouth.net)

## INDEPENDENT AUDITORS' REPORT

Board of Directors of  
Our House, Inc.

We have audited the accompanying financial statements of Our House, Inc., as of and for the year ended December 31, 2003, as listed in the accompanying Table of Contents. These financial statements are the responsibility of Our House, Inc.'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 from 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 Our House Inc., as of December 31, 2003, and the results of its operations and 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 our report dated June 28, 2004, on our consideration of Our House, Inc.'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.

Board of Directors of  
Our House, Inc.  
Page 2

Our audit was performed for the purpose of forming an opinion on the financial statements of Our House, Inc., taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information beginning on page 9 is presented for purposes of additional analysis and is not a required part of the part of the financial statements of Our House, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Cameron, Hines & Haith (APAC)*

West Monroe, Louisiana  
June 28, 2004

OUR HOUSE, INC  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2003

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 101,874
Investments	25,108
Grants Receivable	84,603
Prepaid Insurance	3,294
Total Current Assets	<u>214,879</u>

Property and Equipment:

Depreciable Fixed Assets	390,439
Accumulated Depreciation	<u>(97,924)</u>
Net Depreciable Property and Equipment	292,515

Land	20,395
Net Property and Equipment	<u>312,910</u>

TOTAL ASSETS \$ 527,789

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 9,767
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NET ASSETS

Unrestricted Net Asscts:

Undesignated	359,288
Fixed Assets	<u>158,734</u>

Total Net Assets 518,022

TOTAL LIABILITIES AND NET ASSETS \$ 527,789

The accompanying notes are an integral part of this financial statement.

OUR HOUSE, INC  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2003

UNRESTRICTED REVENUES, GAINS AND

OTHER SUPPORT

Individuals and Corporations	\$ 19,958
Fund Raising	13,055
Grant - United Way	50,708
Grant - United Way of Ruston	500
Grant - TANF	395,875
Grant - DHHS	114,708
Grant - LCTF - Safe Placc Helpers	7,466
Grant - Responsible Living	6,480
Grant - LCTF Project Visibility	1,023
Grant - LCLE Summer Alert	18,746
Grant - Transitional Living	50,522
Grant - LCLE Victims of Crime	26,605
Grant - HUD Transitional Living	38,121
Grant - FEMA	5,920
Grant - CDBG	10,000
Grant - Emergency Shelter Program	18,013
Grant - Entergy	1,000
<u>Total Unrestricted Revenues &amp; Gains</u>	<u>778,700</u>

OTHER SUPPORT

Memberships	895
Interest Income	6,238
Other	1,380
<u>Total Other Support</u>	<u>8,513</u>

TOTAL UNRESTRICTED REVENUE, GAINS  
AND OTHER SUPPORT

787,213

**EXPENSES**

**Program Services:**

United Way	\$ 50,708
United Way of Ruston	500
TANF	397,447
Responsible Teen Living	6,480
Safe Place Helpers	6,928
LCLE Summer Alert	18,746
LCLE Victims Assistance	26,605
DHHS Teen Shelter	114,708
DHHS Transitional Living	48,894
HUD Transitional Living	38,268
FEMA	5,920
Project Visibility	1,989
CDBG Renovation / Expansion	10,019
Entergy Grant	1,000
Emergency Shelter Program	3,816
Total Program Services	<u>732,028</u>

**Supporting Services:**

Management and General	<u>31,031</u>
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Total Expenses	<u>763,059</u>
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<b><u>INCREASE IN NET ASSETS</u></b>	24,154
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<b><u>NET ASSETS - UNRESTRICTED AT BEGINNING OF YEAR</u></b>	<u>493,868</u>
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<b><u>NET ASSETS - UNRESTRICTED AT END OF YEAR</u></b>	<u>\$ 518,022</u>
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The accompanying notes are an integral part of this financial statement.

OUR HOUSE, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Cash Flows from Operating Activities:</u>	
Increase in Net Assets	\$ 24,154
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Depreciation	25,603
Unrealized Gain on Investments	(4,715)
Grants Receivable	19,407
Prepaid Assets	(199)
Accounts Payable	9,516
Net Cash Provided by Operating Activities	<u>73,766</u>
 <u>Cash Flows from Investing Activities:</u>	
Purchase of Equipment	(3,379)
Purchase of Investments	(485)
Net Cash Used by Investing Activities	<u>(3,864)</u>
 <u>Decrease in Cash and Cash Equivalents</u>	 69,902
 <u>Cash and Cash Equivalents, Beginning of Year</u>	 <u>31,972</u>
 <u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	 <u>\$ 101,874</u>

The accompanying notes are an integral part of this financial statement.

OUR HOUSE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activity

Our House, Inc. is a nonprofit organization that is based in Monroe, Louisiana. The Organization provides "hotline" services for runaway and troubled teens. The Organization's services also include providing shelter and transportation for troubled teens.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Basis of Accounting

The financial statements of Our House, Inc. have been prepared on the accrual basis and, accordingly, reflect all significant receivables and payables.

Basis of Presentation

Our House, Inc. has adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the net assets of Our House, Inc. and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations.

*Temporarily Restricted Assets* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of Our House, Inc. and/or passage of time. As of December 31, 2003, there were no temporarily restricted net assets.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by Our House, Inc. Generally, the donors of these assets permit Our House, Inc. to use all of, or part of, the income earned on the related investments for general or specific purposes. As of December 31, 2003, there were no permanently restricted net assets.

Cash and Cash Equivalents

Our House, Inc. considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

OUR HOUSE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Con't)

Grants Receivable

Grants receivable represent amounts that have been expensed for grant purposes and are to be reimbursed in full by the grantor and have been promised over the next twelve months.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets using the straight-line method:

	<u>Years</u>
Buildings	40
Building Improvements	5-40
Residences	40
Vehicles	3-5
Furniture, Fixtures and Equipment	3-10

Public Support and Revenue

Annual contributions are recorded as revenue when received and are generally available for unrestricted use unless specifically restricted by the donor.

Grant income is deferred until the revenue is received. Unreimbursed expenses are recorded as income and as grants receivable when requests for reimbursement are submitted to the grants.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values.

Note 2 - Cash and Cash Equivalents

Our House, Inc. maintains its cash balances in two local financial institutions. The bank balances of \$109,382 are covered by Federal Deposit Insurance Corporation coverage. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation up to \$100,000.

Note 3 - Income Taxes

Our House, Inc. is a nonprofit corporation exempted from federal income taxes under Sec. 501(c)(3) of the Internal Revenue Code.

OUR HOUSE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

Note 4 - Lease Expense

Our House, Inc. has several six-month to one-year noncancelable operating leases for the office building as well as several apartments for their residents. Lease expense for the year ended December 31, 2003 was \$57,190.

Note 5 - Property and Equipment

A summary of land, buildings, equipment and accumulated depreciation at December 31, 2003 is as follows:

Land	\$ 20,395
Buildings	284,732
Autos & Trucks	22,079
Furniture & Equipment	83,628
Accumulated Depreciation	<u>( 97,924)</u>
Net Property and Equipment	<u>\$ 312,910</u>

Depreciation expense for the year ended December 31, 2003 was \$25,603.

Note 6 - Investments

Investments are presented in the financial statements at fair market value.

Cash Equivalents	\$ 2,937
Mutual Funds	18,198
Bond Funds	2,356
Equities	<u>1,617</u>
Total	<u>\$ 25,108</u>

Investment return at December 31, 2003 is as follows:

Investment and Dividend Income	\$ 1,523
Net Realized and Unrealized Gains	<u>4,715</u>
Total Investment Return	<u>\$( 6,238)</u>

SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Salaries and Related Expenses</u>	<u>United Way</u>	<u>United Way of Ruston</u>	<u>DHHS - Teen Shelter</u>	<u>DHHS - Transitional Living</u>
Salaries	\$ 27,422	\$ -	\$ 85,330	\$ 8,012
Payroll Taxes and Employee Benefits	2,126	-	7,140	651
 <u>Other Expenses</u>				
Accounting	-	-	-	551
Advertising	1,243	500	112	-
Dues / Subscriptions	128	-	621	-
Food	845	-	620	1,770
Insurance	-	-	3,745	347
Office Expenses	1,584	-	286	263
Contract Labor	200	-	7,390	1,165
Fringe Benefits	-	-	-	-
Supplies	478	-	459	992
Telephone	1,021	-	846	1,366
Training	509	-	1,350	120
Utilities	1,701	-	1,396	2,677
Client Services	4,067	-	512	5,879
Copier Lease	872	-	-	-
Travel	1,639	-	9	2,451
Rent	3,936	-	375	21,000
Safe Place Helpers	-	-	-	-
Fixed Asset Expenses	564	-	717	200
Repairs & Maintenance	1,539	-	1,535	873
Transportation	-	-	-	-
Auto Expense	101	-	2,265	-
Contribution Expense	-	-	-	-
CDBG Work Fund Expense	-	-	-	-
Other Expenditures	733	-	-	577
	<u>\$ 50,708</u>	<u>\$ 500</u>	<u>\$ 114,708</u>	<u>\$ 48,894</u>

SCHEDULE OF FUNCTIONAL EXPENSES - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Salaries and Related Expenses</u>	<u>TANF</u>	<u>Safe Place Helpers</u>	<u>LCLE Summer Alert</u>	<u>LCLE Crime Victims Assistance</u>
Salaries	\$ 198,339	\$ 4,640	\$ 5,000	\$ 22,470
Payroll Taxes and Employee Benefits	16,817	400	391	1,937
 <u>Other Expenses</u>				
Accounting	4,449	-	-	-
Advertising	51	-	-	-
Dues / Subscriptions	1,745	400	-	-
Food	9,214	-	169	1,124
Insurance	13,945	-	-	-
Office Expenses	12,844	88	1,289	-
Contract Labor	34,645	-	8,456	-
Fringe Benefits	-	-	-	-
Supplies	6,351	-	-	11
Telephone	4,332	-	-	25
Training	-	-	-	-
Utilities	8,683	-	-	876
Client Services	40,232	-	3,274	-
Consulting Fees	791	-	-	-
Travel	10,212	-	-	162
Rent	24,375	-	-	-
Safe Place Helpers	-	-	-	-
Fixed Asset Expenses	-	-	148	-
Repairs & Maintenance	5,753	-	-	-
Transportation	-	-	-	-
Auto Expense	457	-	-	-
Contribution Expense	-	-	-	-
CDBG Work Fund Expense	-	-	-	-
Other Expenditures	4,212	1,400	19	-
	<u>\$ 397,447</u>	<u>\$ 6,928</u>	<u>\$ 18,746</u>	<u>\$ 26,605</u>

SCHEDULE OF FUNCTIONAL EXPENSES - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Salaries and Related Expenses</u>	<u>Project Visibility</u>	<u>Responsible Teen Living</u>	<u>HUD Transitional Living</u>	<u>CDBG</u>
Salaries	\$ -	\$ 3,838	\$ 16,753	\$ 9,307
Payroll Taxes and Employee Benefits	-	309	1,433	712
 <u>Other Expenses</u>				
Accounting	-	-	-	-
Advertising	50	-	-	-
Dues / Subscriptions	-	-	-	-
Food	-	-	1,109	-
Insurance	-	-	-	-
Office Expenses	60	215	207	-
Contract Labor	-	-	40	-
Fringe Benefits	-	-	-	-
Supplies	-	-	928	-
Telephone	-	-	1,595	-
Training	-	-	-	-
Utilities	-	-	3,892	-
Client Services	1,879	2,118	4,074	-
Consulting Fees	-	-	-	-
Travel	-	-	446	-
Rent	-	-	7,464	-
Safe Place Helpers	-	-	-	-
Fixed Asset Expenses	-	-	-	-
Repairs & Maintenance	-	-	154	-
Transportation	-	-	-	-
Auto Expense	-	-	-	-
Contribution Expense	-	-	-	-
CDBG Work Fund Expense	-	-	-	-
Other Expenditures	-	-	173	-
	<u>\$ 1,989</u>	<u>\$ 6,480</u>	<u>\$ 38,268</u>	<u>\$ 10,019</u>

SCHEDULE OF FUNCTIONAL EXPENSES - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>Salaries and Related Expenses</u>	<u>FEMA</u>	<u>Entergy</u>	<u>Emergency Shelter Program</u>	<u>Management and General</u>
Salaries	\$ 4,293		\$ -	-
Payroll Taxes and Employee Benefits	344		-	-
<u>Other Expenses</u>				-
Accounting	-		-	-
Advertising	-		-	24,682
Dues / Subscriptions	-		-	160
Food	112		-	-
Insurance	-		-	-
Office Expenses	-		-	-
Contract Labor	-		-	261
Fringe Benefits	-		-	1,827
Supplies	-		-	2,344
Telephone	38		-	-
Training	-		-	164
Utilities	-		-	-
Client Services	1,133		1,742	617
Consulting Fees	-		-	-
Travel	-		-	-
Rent	-		-	40
Safe Place Helpers	-		-	-
Fixed Asset Expenses	-		2,074	-
Repairs & Maintenance	-		-	894
Transportation	-		-	-
Auto Expense	-		-	-
Contribution Expense	-		-	-
CDBG Work Fund Expense	-		-	-
Other Expenditures	-	1,000	-	\$ 42
	<u>\$ 5,920</u>	<u>\$ 1,000</u>	<u>\$ 3,816</u>	<u>\$ 31,031</u>

Total  
Expenditures

385,404  
23,895

5,000

26,638

3,054

14,963

17,542

15,996

52,157

10,192

11,563

9,223

2,143

19,225

38,379

-

14,220

57,190

-

30,851

10,748

-

2,822

-

-

11,854

\$ 763,059

# CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

*Certified Public Accountants*

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (818) 823-1717

Fax (818) 822-5121

E-Mail: [chhcpas@bellsouth.net](mailto:chhcpas@bellsouth.net)

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

Board of Directors of  
Our House, Inc.

We have audited the financial statements of Our House, Inc. as of and for the year ended December 31, 2003, and have issued our report thereon dated June 28, 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 Our House, Inc.'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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs item 03-3.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Our House, Inc.'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Our House, Inc.'s 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 and questioned costs as item 03-1 and 03-2.

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.

Board of Directors of  
Our House, Inc.  
Page 2

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of management of Our House, Inc., 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 to be distributed by the Legislative Auditor as a public document.

*Cameron, Hines & Hartt (APAC)*

West Monroe, Louisiana  
June 28, 2004

# CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

*Certified Public Accountants*

104 Regency Place

West Monroe, Louisiana 71291

Phone (318) 323-1717

Fax (318) 322-5121

E-Mail: [chcpas@bellsouth.net](mailto:chcpas@bellsouth.net)

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133

Board of Directors of  
Our House, Inc.

## Compliance

We have audited the compliance of Our House, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. Our House, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Our House, Inc.'s management. Our responsibility is to express an opinion on Our House, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Our House, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Our House, Inc.'s compliance with those requirements.

In our opinion, Our House, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 03-3.

## Internal Control Over Compliance

The management of Our House, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Our House, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of management Our House, Inc., 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 to be distributed by the Legislative Auditor as a public document.

*Cameron, Hines & Hartt (APAC)*

West Monroe, Louisiana  
June 28, 2004

OUR HOUSE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

To The Board of Directors  
Our House, Inc.  
Monroe, Louisiana

We have audited the financial statements of Our House, Inc. as of and for the year ended December 31, 2003, and have issued our report thereon dated June 28, 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. Our audit of the financial statements as of December 31, 2003, resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses \_\_\_ yes X no Reportable Conditions X yes \_\_\_ no

Compliance

Compliance Material to Financial Statements X yes \_\_\_ no

B. Federal Awards -

Internal Control

Material Weaknesses \_\_\_ yes X no Reportable Conditions X yes \_\_\_ no

Type of Opinion on Compliance

Unqualified X Qualified \_\_\_

For Major Programs -

Disclaimer \_\_\_ Adverse \_\_\_

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)? - Yes

C. Identification of Major Programs:

CFDA Number(s)

93.558

Name of Federal Program (or cluster)

Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B Programs \$300,000

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? \_\_\_ yes X no

Section II - Financial Statement Findings

03-1 Separation of Duties

Condition:

During our audit of Our House, Inc., it was determined that the size of the organization's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties.

OUR HOUSE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2003

(Continued)

Section II - Financial Statement Findings (continued)

**03-1 Separation of Duties (continued)**

Criteria:

In order to maintain proper internal controls there needs to be a separation of duties concerning financial activities.

Criteria:

In order to maintain proper internal controls there needs to be a separation of duties concerning financial activities.

Effect:

By maintaining a small accounting and administrative staff there is an overlap of duties that should be separate for proper internal controls.

Recommendation:

The staff preparing the bank reconciliations should not be an authorized signer on the checking account. Also, the grant reimbursement requests should not be prepared by the staff that does the actual spending of grant funds. This situation dictates that the Board of Directors be involved in the financial affairs of the Organization to provide oversight and independent review functions.

Response:

An independent CPA firm, Corley & Takewell, was contracted in January 2004 to reconcile bank statements and reconcile grant expenses to billings and the general ledger. As an additional measure of control, two signatures are required on all checks, and as of January, no authorized signer is preparing the monthly reconciliation. The Board of Directors will continue to be involved in the financial aspects of the organization.

**03-2 IRS Form 1099 Compliance**

Condition:

During our audit of Our House, Inc., we noted contract laborers earning wages in excess of \$600 that were not issued a 1099.

Criteria:

All unincorporated contract labor sources earning over \$600 annually for services performed should be issued a 1099.

Effect:

Continued noncompliance with 1099 issuance regulation could result in penalties imposed by the IRS.

Recommendation:

Contract labor expenses should be reconciled to the total per the contract labor expense category trial balance by class at year end to ensure all 1099s required are issued.

OUR HOUSE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2003  
(Continued)

Section II - Financial Statement Findings (continued)

03-2 **IRS Form 1099 Compliance (continued)**

Response:

The Organization will reconcile the 1096 transmittal to contract labor expenses trail balance by class in the future.

Section III - Federal Award Findings and Questioned Costs

03-3 **Record Keeping**

Condition:

During our audit of Our House, Inc., it was noted that many of the monthly reimbursement requests could not be located to use for audit procedures.

Criteria:

Circular A-133 directs that the grant administrator maintain adequate support for expenses to be reimbursed including correspondence requesting reimbursement.

Effect:

If monthly reimbursement requests are not kept on file and supported by invoices or other support of the expenses they request reimbursement for, determination of why expenses were disallowed cannot be made. Also, no reconciliation to the general ledger for grant expenses can be made without the support of the reimbursement requests.

Recommendation:

Monthly reimbursement requests should be kept on file for each grant, and these should be supported by receipts or invoices. Reimbursed amounts should be reconciled to the general ledger regularly.

Response:

The administrative officers believe that the revenue was recorded at the end of the month based upon booked expenditures. An independent CPA firm has been contracted to reconcile grant expenses to the general ledger. Continued efforts from staff will continue to improve maintenance of records.

OUR HOUSE, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
<b>Department of Health and Human Services</b>			
<b>Administration for Children and Families</b>			
Transitional Living for Homeless Youth Program	93.550		\$ 114,708
Runaway and Homeless Youth	93.623		48,894
Temporary Assistance for Needy Families	93.558	589248	397,447*
Community Based Family Resource and Support Grants	93.590	585410	6,928
Community Based Family Resource and Support Grants	93.590	586831	1,989
Responsible Teen Living (Children's Trust Fund)	93.556		6,480
<b>Department of Housing and Urban Development</b>			
Community Development Block Grant / Renovation/Expansion	14.218	City of Monroe, Louisiana	10,019
Emergency Shelter Grant	14.231	City of Monroe, Louisiana	3,816
Community Planning & Development	14.235		38,268
<b>Federal Emergency Management Agency</b>			
Emergency Food & Shelter National Board	85.523		5,920
<b>Department of Justice</b>			
Louisiana Commission on Law Enforcement Crime Victim Assistance	16.575	c01-2-005	26,605
Report / Resource Center (Summer Alert)	16.540	J01-2-005	<u>18,746</u>
<b><u>TOTAL</u></b>			<b><u>\$ 679,820</u></b>

\* Denotes Major Federal Assistance program.

See accompanying Notes to Schedule of Expenditures and Federal Awards

OUR HOUSE, INC.  
NOTES TO SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Our House, Inc. The Our House reporting entity is defined in Note 1 to Our House's financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to Our House's financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

OUR HOUSE, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**Internal Control and Compliance Material to the Financial Statements**

**02-1 Separation of Duties**

Condition:

During our audit of Our House, Inc., it was determined that the size of the organization's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties.

Recommendation:

This situation dictates that the Board of Directors be involved in the financial affairs of the Organization to provide oversight and independent review functions.

Current Status:

An outside CPA firm has been hired to assist in the general ledger posting and the Board is continuing its involvement in the day to day operations.

**02-2 General Ledger**

Condition:

During our audit of Our House, Inc., it was discovered that account balances were manually changed instead of adjusted when a difference occurred. A common difference that occurred was the amounts received from the grantor were different from what was accrued. This happened because some expenses are disallowed by the grantor. In addition, the detailed general ledger continued to be changed after it was given to the auditors and the auditors were not notified.

Recommendation:

In order to maintain proper grant accounting, there must be a trail of adjustments to correctly reconcile the grant expenses.

Current Status:

An outside CPA firm has been hired to assist in the general ledger posting and the Board is continuing its involvement in the day to day operations.

**02-3 General Ledger Entry**

Condition:

During the audit of Our House, Inc., it was determined that during the year there were as many as four people making entries to the general ledger at the same time.

Recommendation:

One person should be ultimately responsible for the general ledger. All entries and adjustments should be routed to the individual for entry into the system.

Current Status:

One staff accountant is posting entries to the general ledger and the outside CPA firm is overseeing the postings throughout the year.

OUR HOUSE, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2003

**Internal Control and Compliance Material to Federal Awards**

**02-4 Grant Billings**

**Condition:**

During our audit of Our House, Inc., it was determined that for the reimbursement grants, the expenses coded to the grant accounts did not tie to the amounts that were requested to be reimbursed by those grants.

**Recommendation:**

All requests for reimbursement should be reviewed before submission to the grantor to ensure that the request matches the expenses that were spent for the particular grant for that time period. Should any expenses be disallowed, they would be easily identifiable.

**Current Status:**

Since contracting with the CPA firm, better matching and coding of expenses has been in place to match the expense with their respective grant.

**02-5 Timely Billing**

**Condition:**

During our audit of Our House, Inc., it was noted that the organization has two grants that total \$18,541 in which reimbursements have not been requested.

**Recommendation:**

Grants should be drawn down for expenses on an ongoing basis. Unless specified in the grant that reimbursements are to take place other than on a monthly basis, such as quarterly, the grants should be drawn down within a month of the time that the expense was incurred.

**Current Status:**

All funding is requested as needed and is always requested during the contract period.

**Management Letter**

No management letter was issued.