

BRIDGE HOUSE CORPORATION
NEW ORLEANS, LOUISIANA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bridge House Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Bridge House Corporation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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, the *Louisiana Governmental Audit Guide*, 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the Board of Directors of
Bridge House Corporation
June 26, 2018
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bridge House Corporation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018, on our consideration of Bridge House Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bridge House Corporation's internal control over financial reporting and compliance.

June 26, 2018
New Orleans, Louisiana

A handwritten signature in cursive script that reads "Erickson Krentel, LLP".

Certified Public Accountants

BRIDGE HOUSE CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 1,180,280	\$ 892,226
Grants and contracts receivable, net	324,551	558,641
Prepaid expenses	103,577	199,633
Promises to give	430,960	-
Inventories	96,814	129,214
Investments	10,414,652	8,540,697
Deposits	29,890	55,268
Beneficial interest in endowment fund	40,119	35,304
Property and equipment, net	<u>9,886,317</u>	<u>8,740,931</u>
 Total assets	 <u>\$ 22,507,160</u>	 <u>\$ 19,151,914</u>
<u>LIABILITIES:</u>		
Accounts payable and accrued expenses	\$ 285,702	\$ 162,388
Deferred revenue	-	51,166
Notes payable:		
Current portion	191,171	100,000
Long-term portion	<u>6,443,829</u>	<u>5,325,000</u>
 Total liabilities	 <u>6,920,702</u>	 <u>5,638,554</u>
<u>NET ASSETS:</u>		
Unrestricted:		
Undesignated	9,663,414	7,911,806
Designated	<u>5,300,000</u>	<u>5,425,000</u>
 Total unrestricted	 14,963,414	 13,336,806
Temporarily restricted	582,925	141,250
Permanently restricted	<u>40,119</u>	<u>35,304</u>
 Total net assets	 <u>15,586,458</u>	 <u>13,513,360</u>
 Total liabilities and net assets	 <u>\$ 22,507,160</u>	 <u>\$ 19,151,914</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
<u>UNRESTRICTED NET ASSETS</u>		
<u>Public Support:</u>		
Contributions	\$ 4,120,807	\$ 3,612,950
Grants and contracts:		
Prevention and treatment of substance abuse	490,599	835,140
Supportive housing and emergency shelter	-	112,849
Medicaid, net of provision for bad debt	1,957,937	749,173
Emergency food and shelter	15,000	5,000
In-kind donations	352,464	411,515
Food stamps	162,754	138,932
Net assets released from restrictions	305,827	5,200
Total unrestricted public support	7,405,388	5,870,759
<u>Other Revenue:</u>		
Client service fees	30,817	23,006
Vending	1,851	2,686
Thrift stores and auto sales	2,512,668	2,343,906
Cost of goods sold	(2,480,268)	(2,319,473)
Investment return and interest income, net	973,954	471,895
Rental income	-	1,210
Other	680,147	(1,317)
Total unrestricted other revenue	1,719,169	521,913
Total unrestricted public support and unrestricted other revenue	9,124,557	6,392,672
<u>Expenses:</u>		
Program services	6,248,369	4,978,994
Supporting services:		
Management and general	772,087	751,549
Fundraising	477,493	404,629
Total supporting services	1,249,580	1,156,178
Total expenses	7,497,949	6,135,172
Increase in unrestricted net assets	1,626,608	257,500

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Contributions	747,502	106,450
Net assets released from restrictions	<u>(305,827)</u>	<u>(5,200)</u>
Increase in temporarily restricted net assets	<u>441,675</u>	<u>101,250</u>
<u>PERMANENTLY RESTRICTED NET ASSETS</u>		
Investment return, net	<u>4,815</u>	<u>1,159</u>
Increase in permanently restricted net assets	<u>4,815</u>	<u>1,159</u>
Increase in net assets	2,073,098	359,909
Net assets, beginning of year	<u>13,513,360</u>	<u>13,153,451</u>
Net assets, end of year	<u>\$ 15,586,458</u>	<u>\$ 13,513,360</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 2,522,420	\$ 250,856	\$ 217,521	\$ 2,990,797
Payroll taxes	229,147	2,527	11,616	243,290
Health insurance	68,780	3,081	18,854	90,715
Total salaries and related expenses	2,820,347	256,464	247,991	3,324,802
Auto expenses	41,800	17,089	-	58,889
Computer expenses	30,097	59,754	19,374	109,225
Food	448,534	9,306	-	457,840
Household supplies	45,183	2,882	-	48,065
Insurance	248,430	26,294	5,343	280,067
Interest	-	111,956	-	111,956
Licenses and taxes	76,257	-	-	76,257
Maintenance and repairs	222,315	35,291	-	257,606
Office	46,297	32,989	31,933	111,219
Professional services	290,787	28,786	1,968	321,541
Program supplies and services	150,229	6,159	430	156,818
Rent	269,970	20,589	-	290,559
Telephone	118,327	32,548	-	150,875
Travel and education	4,733	24,725	224	29,682
Utilities	300,578	36,944	-	337,522
Fundraising expenses:				
Newsletter and mailings	-	-	9,346	9,346
Event expenses	36,983	2,881	-	39,864
Other fundraising expenses	30	-	155,083	155,113
Thrift stores and auto sales expenses:				
Advertising and promotions	109,655	-	5,801	115,456
Telecheck expense	-	-	-	-
Supplies	-	-	-	-
Total expenses before depreciation	5,260,552	704,657	477,493	6,442,702
Depreciation and amortization	987,817	67,430	-	1,055,247
Total expenses	\$ 6,248,369	\$ 772,087	\$ 477,493	\$ 7,497,949

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 2,111,723	\$ 282,775	\$ 201,054	\$ 2,595,552
Payroll taxes	216,512	921	16,428	233,861
Health insurance	86,791	4,044	12,016	102,851
Total salaries and related expenses	<u>2,415,026</u>	<u>287,740</u>	<u>229,498</u>	<u>2,932,264</u>
Auto expenses	39,635	18,668	-	58,303
Computer expenses	15,344	74,237	13,746	103,327
Food	486,266	8,291	-	494,557
Household supplies	48,810	3,668	-	52,478
Insurance	243,144	26,264	4,140	273,548
Interest	-	86,294	-	86,294
Licenses and taxes	6,027	381	-	6,408
Maintenance and repairs	224,347	24,684	-	249,031
Office	20,410	16,129	31,127	67,666
Professional services	104,708	14,719	2,305	121,732
Program supplies and services	116,759	18,523	699	135,981
Rent	409,594	24,945	-	434,539
Telephone	74,610	31,210	3,250	109,070
Travel and education	4,441	12,826	276	17,543
Utilities	268,790	34,276	-	303,066
Fundraising expenses:				
Newsletter and mailings	-	-	10,509	10,509
Event expenses	34,220	631	3,906	38,757
Other fundraising expenses	543	-	105,173	105,716
Thrift stores and auto sales expenses:				
Advertising and promotions	104,737	-	-	104,737
Telecheck expense	3,210	83	-	3,293
Supplies	1,478	-	-	1,478
Total expenses before depreciation	<u>4,622,099</u>	<u>683,569</u>	<u>404,629</u>	<u>5,710,297</u>
Depreciation and amortization	<u>356,895</u>	<u>67,980</u>	<u>-</u>	<u>424,875</u>
Total expenses	<u>\$ 4,978,994</u>	<u>\$ 751,549</u>	<u>\$ 404,629</u>	<u>\$ 6,135,172</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 2,073,098	\$ 359,909
Adjustments to reconcile change in net assets to cash provided by (used by) operating activities:		
Depreciation and amortization	1,055,247	424,875
Bad debts	173,290	135,500
Net unrealized (gain) on investments	(805,549)	(518,037)
Net realized (gain) loss on sale of investments	(46,669)	180,238
Investment (income) on restricted funds	(4,815)	(1,159)
Donated assets/investments included in public support	(590,000)	(10,067)
(Increase) decrease in:		
Grants and contracts receivable	60,800	(517,830)
Prepaid expenses	96,056	(79,021)
Promises to give	(430,960)	-
Inventories	32,400	24,431
Deposits	25,378	(30,791)
Increase (decrease) in:		
Accounts payable and accrued expenses	123,314	22,148
Deferred revenue	(51,166)	23,416
	<u>1,710,424</u>	<u>13,612</u>
Net cash provided by operating activities		
<u>CASH FLOWS PROVIDED BY (USED BY) INVESTING ACTIVITIES:</u>		
Capital expenditures	(275,633)	(491,351)
Proceeds from sale of investments	3,560,361	2,642,527
Purchase of investments	(4,582,098)	(2,776,553)
	<u>(1,297,370)</u>	<u>(625,377)</u>
Net cash (used by) investing activities		
<u>CASH FLOWS PROVIDED BY (USED BY) FINANCING ACTIVITIES:</u>		
Principal payments on notes payable	(125,000)	(85,000)
	<u>(125,000)</u>	<u>(85,000)</u>
Net cash (used by) financing activities		
Net increase (decrease) in cash and cash equivalents	288,054	(696,765)
Cash and cash equivalents at beginning of year	<u>892,226</u>	<u>1,588,991</u>
Cash and cash equivalents at end of year	<u>\$ 1,180,280</u>	<u>\$ 892,226</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Bridge House Corporation (Bridge House) is a non-profit corporation organized to provide treatment and long-term residential care for individuals with drug and alcohol addictions in the greater New Orleans area. Bridge House is supported primarily through donor contributions, thrift store and donated auto sales, and governmental grants and contracts.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, Bridge 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.

Use of 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.

Cash Equivalents

For purposes of the statement of cash flows, except for assets held in its investment portfolio, Bridge House considers all certificates of deposits and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Grants and Contracts Receivable

Bridge House receives funding from federal, state, and local agencies for administering various grants and contracts. Management monitors the receivables and assesses the collectability of accounts on a monthly basis. Bridge House records an allowance for uncollectible accounts based on an assessment of the receivables, taking into consideration the nature of the account and aging of the balance. For the years ended December 31, 2017 and 2016, management has determined that all amounts were collectible and no allowance was necessary.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Grants and Contracts Receivable (continued)

Bridge House also receives payment for services rendered from Medicaid programs. Bridge House manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for uncollectible amounts. Bridge House records an allowance for uncollectible accounts based on an assessment of the receivables, taking into consideration the nature of the account and aging of the balance. For the years ended December 31, 2017 and 2016, Bridge House provided \$173,290 and \$135,500, respectively, for the allowance for uncollectible amounts.

Inventories

Inventories are stated at the lower of cost, fair value at date of donation plus the cost of repairs, or net realizable value.

Investments

Investments, consisting of stocks and mutual funds, are recorded at fair value. Unrealized gains and losses on investments in equity securities with readily available market values are recorded in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Dividend, interest, and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy, where inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data are adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and generated by the entity itself.

No Level 2 or Level 3 inputs were used by Bridge House.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property and Equipment

Bridge House follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$5,000. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Buildings	30 Years
Furniture, fixtures and equipment	5 - 15 Years
Building improvements	7 - 30 Years
Leasehold improvements	5 Years
Vehicles	5 - 7 Years

Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the remaining lease term. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Bridge House reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Bridge House reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributions

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire in the reporting period 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.

Contributed Goods and Services

Contributions of donated noncash assets are recorded at their fair values in the period received. Bridge House receives a substantial amount of services donated by its clients and supporters in carrying out Bridge House's activities. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. The total amount of promises conditioned on the continued expansion of treatment facilities as of December 31, 2017 and 2016 was \$- and \$13,854, respectively.

Functional Expense Reporting

The cost of providing program and supporting services has been summarized by function, based on estimates developed by management studies.

Income Tax Status

Bridge House is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950. However, income from certain activities not directly related to Bridge House's tax-exempt purpose may be subject to taxation as unrelated business income. In addition, Bridge House qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

As of December 31, 2017, Bridge House had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The 2014 through 2016 tax years remain subject to examination by the IRS. Bridge House does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Advertising

All non-direct response advertising costs are expensed as incurred and included in advertising and promotions expenses. Advertising expense amounted to \$115,456 and \$104,737 for the years ended December 31, 2017 and 2016, respectively.

Subsequent Events

Subsequent events have been evaluated through June 26, 2018 which is the date the financial statements were available to be issued.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

(2) **STATEMENT OF CASH FLOWS SUPPLEMENTARY DISCLOSURES**

Cash paid during the year for:	<u>2017</u>	<u>2016</u>
Interest	\$ <u>111,956</u>	\$ <u>86,294</u>

Non-Cash Investing and Financing Activity

See Note 17 for explanation on a related party non-cash investing and financing activity.

(3) **DESIGNATED NET ASSETS**

Net assets at December 31, 2017 and 2016 includes \$5,300,000 and \$5,425,000, respectively, of assets which were designated by the Board of Directors to be used for the future required funding of the debt detailed in Note 10.

(4) **CONTRACTS RECEIVABLE AND REVENUE**

Bridge House recognizes revenue arising from contracts with the State of Louisiana - Department of Health and Hospitals and Unity for the Homeless, Inc. Terms of the contracts provide for reimbursement of certain program costs up to specified maximum amounts or on a per diem basis for each client in the program.

(5) **PROMISES TO GIVE**

Promises to give consist of the following at December 31st:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 174,293	\$ -
Receivable in one to five years	241,667	-
Receivable in more than five years	<u>15,000</u>	<u>-</u>
Total promises to give	\$ <u>430,960</u>	\$ <u>-</u>

Uncollectible promises are expected to be insignificant; therefore, no allowance has been recorded for the years ended December 31, 2017 and 2016.

(6) **INVENTORIES**

Inventories at December 31, 2017 and 2016 consist of:

	<u>2017</u>	<u>2016</u>
Donated thrift store items	\$ 50,598	\$ 48,959
Donated used cars	<u>46,216</u>	<u>80,255</u>
	\$ <u>96,814</u>	\$ <u>129,214</u>

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

(7) **INVESTMENTS**

The fair value of investments is as follows at December 31:

	<u>2017</u>	<u>2016</u>
Certificates of deposit and money market funds	\$ 1,565,344	\$ 362,830
Stocks, bonds, and mutual funds	<u>8,849,308</u>	<u>8,177,867</u>
	<u>\$ 10,414,652</u>	<u>\$ 8,540,697</u>

The fair value of investments are determined by reference to quoted prices in active markets for identical assets (Level 1).

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Dividends and interest	\$ 180,433	\$ 182,738
Net gain (loss) on sale of investments	46,669	(180,238)
Management fees	(58,697)	(48,642)
Net unrealized gain in value of investments	<u>805,549</u>	<u>518,037</u>
Total return on investments	<u>\$ 973,954</u>	<u>\$ 471,895</u>

(8) **PROPERTY AND EQUIPMENT AND DEPRECIATION**

The cost of such property and equipment at December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Land and buildings	\$ 12,256,576	\$ 10,306,576
Construction in progress	-	397,009
Furniture, fixtures and equipment	402,421	396,091
Building improvements	539,711	539,711
Leasehold improvements	342,578	342,578
Vehicles	<u>479,166</u>	<u>471,666</u>
	14,020,452	12,453,631
Less: accumulated depreciation	<u>(4,134,135)</u>	<u>(3,712,700)</u>
	<u>\$ 9,886,317</u>	<u>\$ 8,740,931</u>

Depreciation and amortization expense for the years ended December 31, 2017 and 2016 was \$1,055,247 and \$424,875, respectively.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

(9) BENEFICIAL INTEREST IN ENDOWMENT FUND

Bridge House is the beneficiary of an endowment fund created by donors, the assets of which are not in the possession of Bridge House. The fund is held by the Greater New Orleans Foundation. Bridge House has legally enforceable rights and claims to such assets, including the sole right to income there from. The principal portion of the endowment fund is permanently restricted. Income earned by the fund is distributed to Bridge House at the discretion of the Greater New Orleans Foundation. At December 31, 2017 and 2016, the beneficial interest in The Greater New Orleans Foundation's Bridge House Fund was a fair value of \$40,119 and \$35,304, respectively. During the year ended December 31, 2017 and 2016, Bridge House incurred \$4,815 and \$1,159, respectively, of investment income (loss) from the fund. Bridge House reinvested these amounts back into the endowment fund, which permanently restricts these funds.

Changes in endowment net assets for the years ended December 31, 2017 and 2016 is summarized as follows:

	<u>2017</u>	<u>2016</u>
Endowment net assets, beginning of year	\$ 35,304	\$ 34,145
□ Interest and dividend income	271	248
Interest and dividend income	271	248
Administrative fees	(306)	(207)
Realized gains	507	760
Unrealized gains	<u>4,343</u>	<u>358</u>
Endowment net assets, end of year	<u>\$ 40,119</u>	<u>\$ 35,304</u>

(10) NOTES PAYABLE

Notes payable at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>		<u>2016</u>	
	<u>Due Within</u>	<u>Due After</u>	<u>Due Within</u>	<u>Due After</u>
	<u>One Year</u>	<u>One Year</u>	<u>One Year</u>	<u>One Year</u>
Note payable to Louisiana Public Facilities Authority, secured by all real property owned by Bridge House; payable in quarterly payments of interest; interest accrues at the SIFMA Swap Index rate plus 1.25% (2.96% at December 31, 2017); note matures on April 1, 2040.	\$ 75,000	\$5,225,000	\$ 100,000	\$5,325,000

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

(10) NOTES PAYABLE (CONTINUED)

	2017		2016	
	Due Within One Year	Due After One Year	Due Within One Year	Due After One Year
Note payable to IberiaBank, secured by investment securities held by Bridge House, payable in monthly installments of principal and interest; interest accrues at 3.75%; note matures on March 29, 2023.	116,171	1,218,829	-	-
	\$ 191,171	\$6,443,829	\$ 100,000	\$5,325,000

Following are maturities of notes payable for each of the next five years and thereafter:

2018	\$ 191,171
2019	217,118
2020	236,338
2021	240,957
2022	265,637
Thereafter	5,483,779
	\$ 6,635,000

Interest costs charged to expenses for the years ended December 31, 2017 and 2016 were \$111,956 and \$86,294, respectively.

(11) RESTRICTIONS ON NET ASSETS

Permanently restricted net assets consists of a beneficial interest in endowment funds, detailed in Note 9, of \$40,119 and \$35,304 at December 31, 2017 and 2016, respectively.

Temporarily restricted net assets consist of a \$50,000 charitable bequest, of which 5% will be released from restrictions annually to fund resident support, \$430,960 of promises to give for the Woodward property and future fundraising activities, and \$116,965 in contributions received for future fundraising events. As of December 31, 2017 and 2016, temporarily restricted net assets were \$582,925 and \$141,250, respectively.

(12) RECLASSIFICATIONS

Certain items on the 2016 financial statements have been reclassified to conform to the current year's presentation. Net assets and increase in net assets are unchanged due to these reclassifications.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

(13) **COMMITMENTS**

Operating Leases

Bridge House makes payments monthly for the use of treatment, housing, thrift store and used car facilities. Presently, Bridge House has short-term and long-term agreements with the owners of these properties. Short-term arrangements could be terminated at the discretion of either party to the rental agreements. Long-term leases are non-cancelable operating leases, by Bridge House, that expire at various dates through December 31, 2021. Certain leases generally contain renewal options for periods ranging from two to ten years, include escalation clauses, and require Bridge House to pay executor costs such as taxes, maintenance and insurance. Rent expense for short and long-term leases for 2017 and 2016 was \$290,559 and \$434,539, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2017 are:

2018	\$ 243,535
2019	156,333
2020	141,933
2021	<u>141,933</u>
	\$ <u>683,734</u>

Bridge House leases tenant space for clients exiting treatment under monthly operating agreements. There was no rental income under these leases for the year ended December 31, 2017. Total rental income under these leases totaled \$1,210 for the year ended December 31, 2016.

(14) **COMMODITY ASSISTANCE**

Bridge House participated in the United States Department of Agriculture Food Distribution Program for the years ended December 31, 2017 and 2016. The program provides food commodities to Bridge House to use in the preparation of meals for clients. The value of the donated commodities was \$352,464 and \$411,515 for the years ended December 31, 2017 and 2016, respectively. These amounts are recorded as in-kind donation revenues and program service expenses on the accompanying statements of activities.

(15) **FINANCIAL INSTRUMENTS**

Concentrations of Credit Risk

Financial instruments that potentially subject Bridge House to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Bridge House's policy is to not require accounts receivable to be collateralized.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

(15) FINANCIAL INSTRUMENTS (CONTINUED)

Concentrations of Credit Risk (continued)

Bridge House maintains its cash and cash equivalents in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed federally insured limits. The uninsured portion of cash balances as of December 31, 2017 and 2016 totaled \$889,822 and \$619,370, respectively.

Bridge House maintains certificates of deposit, stocks, bonds, and mutual funds with Morgan Stanley Smith Barney LLC, who is a member of SIPC, which protects securities up to \$500,000. As of December 31, 2017 and 2016, amounts in excess of insured limits totaled \$9,914,652 and \$8,040,697, respectively.

Approximately 23% of the Organization's accounts receivable, respectively, for the year ended December 31, 2017 is derived from grants from two federal agencies.

Approximately 15% of the Organization's revenue and grant receivable for the year ended December 31, 2016 is derived from grants from two federal agencies.

(16) TAX-DEFERRED ANNUITY PLAN

Bridge House has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of Bridge House. Bridge House does not contribute to the plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. There were no plan expenses for the years ended December 31, 2017 and 2016.

(17) OTHER REVENUES

Included in other revenues was \$680,147 received from a confidential legal settlement for the year ended December 31, 2017.

(18) RELATED PARTY TRANSACTION

During 2017, Bridge House purchased land and buildings from a company for the purpose of relocating its used car lot and one of its thrift stores. One of the officers of the company serves on Bridge House's Board of Directors. The land and buildings were appraised at \$1,950,000, and purchased for \$1,365,000, with a \$25,000 down payment and a \$1,335,000 promissory note, payable in full on March 31, 2018 (Note 19). Bridge House recognized the difference of \$590,000 between the appraised value of the land and buildings and the purchase price as an in-kind contribution included in contributions on the statement of activities.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

(19) SUBSEQUENT EVENT

As of December 31, 2017, Bridge House had a mortgage payable of \$1,335,000 to a company for the purchase of real property (Note 18). On March 29, 2018, Bridge House paid \$35,000 to the company and refinanced the remaining mortgage payable with IberiaBank for \$1,300,000 (Note 10).

(20) NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-14, "*Not-for-Profit Entities (NFPs)*." This Update makes several improvements to current reporting requirements that address, among others, the following problems: (1) complexities about the use of the currently required three classes of net assets that focus on the absence or presence of donor-imposed restrictions and whether those restrictions are temporary or permanent; (2) deficiencies in the transparency and utility of information useful in assessing an entity's liquidity caused by potential misunderstandings and confusion about the term unrestricted net assets and how restrictions or limits imposed by donors, grantors, laws, contracts, and governing boards affect an entity's liquidity, classes of net assets, and financial performance; (3) inconsistencies in the type of information provided about expenses of the period—for example, some, but not all, NFPs provide information about expenses by both nature and function; and (4) impediment of preparing the indirect method reconciliation if an NFP chooses to use the direct method of presenting operating cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Bridge House plans to adopt this Update as applicable by the effective date.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2014-09, "*Revenue from Contracts with Customers*." The core principle of this Update is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principle, the guidance provides that an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. Deferring the effective date of the amendments in Update No. 2014-09, the FASB has issued Update No. 2015-14, "*Revenue from Contracts with Customers - Deferral of the Effective Date ASU No. 2015-14*." Update No. 2015-14 permits entities to apply the guidance in Update No. 2014-09 to annual reporting periods beginning after December 15, 2018, and to interim reporting periods within annual reporting periods beginning after December 15, 2019. Bridge House plans to adopt this Update as applicable by the effective date.

BRIDGE HOUSE CORPORATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017 AND 2016

(20) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-02, “Leases.” This Update seeks to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. The amendments in this Update are effective for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. Bridge House plans to adopt this Update as applicable by the effective date.

BRIDGE HOUSE CORPORATION
 SCHEDULE OF COMPENSATION, BENEFITS , AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Else Pedersen*</u>
Time served	01/01/17 through 12/31/17
Salary	\$ -
Benefits - insurance (health and dental)	-
Benefits - cell phone	-
	<hr/>
Total compensation, benefits, and other payments	\$ <u><u>-</u></u>

*Note: Else Pedersen does not receive salary or related benefits from public sources.

BRIDGE HOUSE CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Number	Disbursements/ Expenditures
<u>U.S. Department of Health and Human Services</u>			
<i>Pass - Through Louisiana Metropolitan Human Services District</i>			
Block Grants for Prevention and Treatment of Substance Abuse - Women's Residential Treatment	93.959	-	\$ 88,255
Block Grants for Prevention and Treatment of Substance Abuse - Men's Residential Treatment	93.959	-	<u>185,159</u>
			<u>273,414</u>
<i>Pass - Through Louisiana Metropolitan Human Services District</i>			
TANF Cluster			
Block Grants for Prevention and Treatment of Substance Abuse - TANF Residential Treatment	93.558	-	278,470
Total TANF Cluster			<u>278,470</u>
Total U.S. Department of Health and Human Services			<u>551,884</u>
<u>U.S. Department of Homeland Security</u>			
Emergency Food and Shelter National Board Program	97.024	365800-022	<u>15,000</u>
Total U.S. Department of Homeland Security			<u>15,000</u>
<u>U.S. Department of Agriculture</u>			
<i>Pass - Through Louisiana Department of Agriculture</i>			
Emergency Food Assistance Program - Second Harvesters Food Bank of Greater New Orleans	10.569	-	<u>352,464</u>
Total U.S. Department of Agriculture			<u>352,464</u>
Total			<u>\$ 919,348</u>

(See Independent Auditors' Report)

BRIDGE HOUSE CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 – SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS, THE UNIFORM GUIDANCE, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS* AND THE SINGLE AUDIT ACT OF 1984 AND 1996 AMENDMENTS

All federal grant operations of Bridge House are included in the scope of the single audit. Those programs which were major grants and selected for specific testing were:

Temporary Assistance for Needy Families (CFDA No. 93.558)

NOTE 2 – FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2017.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when Bridge House has met the qualifications for the respective grants.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended December 31, 2017.

Non Cash Assistance

Nonmonetary assistance is reported in the schedule of expenditures of federal awards as CFDA# 10.569 at the fair market value of the commodities received and disbursed.

NOTE 4 – INDIRECT COST RATE

Bridge House has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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

To the Board of Directors of
Bridge House Corporation

We have audited, 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, the financial statements of Bridge House Corporation (a non-profit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bridge House Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bridge House Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Bridge House Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Board of Directors of
Bridge House Corporation
June 26, 2018

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bridge House Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bridge House Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bridge House Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 26, 2018
New Orleans, Louisiana

Certified Public Accountants



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Bridge House Corporation

Report on Compliance for Each Major Federal Program

We have audited Bridge House Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bridge House Corporation's major federal programs for the year ended December 31, 2017. Bridge House Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Bridge House Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Bridge House Corporation'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Bridge House Corporation's compliance.



To the Board of Directors of
Bridge House Corporation
June 26, 2018

Opinion on Each Major Federal Program

In our opinion, Bridge House Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

Management of Bridge House Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bridge House Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bridge House Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Board of Directors of
Bridge House Corporation
June 26, 2018

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 26, 2018
New Orleans, Louisiana

Erickson Krentel, LLP

Certified Public Accountants

BRIDGE HOUSE CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I SUMMARY OF AUDITORS' REPORTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Bridge House Corporation.
2. No significant deficiencies or material weaknesses disclosed during the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs were reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Bridge House Corporation expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:

 93.558 Temporary Assistance for Needy Families
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Bridge House Corporation was determined to be a low-risk auditee.
10. A management letter was not issued for the year ended December 31, 2017.

SECTION II FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE

SECTION III FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

NOT APPLICABLE

BRIDGE HOUSE CORPORATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

NOT APPLICABLE

SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

NOT APPLICABLE

SECTION III - MANAGEMENT LETTER

2016-001 Long-Outstanding Checks

Condition - During our testing, we noted 28 outstanding checks totaling \$4,348 in Bridge House Corporation's checking accounts that were greater than one year old at year end. These checks may be subject to Louisiana escheat laws for unclaimed property. We recommend that Bridge House Corporation review the long-outstanding checks and void and re-issue as necessary or report to the state as required by escheat laws.

Current Status – Management has reviewed long-outstanding checks and re-issued or reported to the state as required by escheat laws.

This issue has been resolved.

2016-002 Improve Controls over In-Kind Food Donations

Condition - Monthly inventory counts and consumption reports of in-kind food donations are keys to maintaining adequate control over in-kind food donations. As of December 31, 2016, Bridge House Corporation does not conduct a monthly count of food inventory or prepare consumption reports for in-kind food donations. While Bridge House Corporation generally has effective internal controls over receiving and recording in-kind donations, we recommend that Bridge House Corporation conduct, on a monthly basis, an inventory of in-kind food donations on hand and a report of consumption should be prepared.

Current Status – Bridge House now performs inventory, on a monthly basis, of all in-kind food donations.

This issue has been resolved.

BRIDGE HOUSE CORPORATION
NEW ORLEANS, LOUISIANA
LOUISIANA LEGISLATIVE AUDITOR
STATEWIDE AGREED-UPON PROCEDURES
FOR THE PERIOD
JANUARY 1, 2017 THROUGH DECEMBER 31, 2017



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Bridge House Corporation

We have performed the procedures enumerated below, which were agreed to by Bridge House Corporation and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. Bridge House Corporation's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are attached in Schedule "1."

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties and is not intended to be and should not be used by anyone other than those specified parties. The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

June 26, 2018
New Orleans, Louisiana

Certified Public Accountants

BRIDGE HOUSE CORPORATION
AGREED-UPON PROCEDURES
JANUARY 1, 2017 – DECEMBER 31, 2017

Written Policies and Procedures

1. **Procedures:** Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.
 - b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) Disbursements, including processing, reviewing, and approving.
 - d) Receipts, including receiving, recording, and preparing deposits.
 - e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
 - h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: The written policies and procedures entirely address the functions of budgeting, disbursements, receipts, payroll/personnel, contracting, and credit cards listed above. All elements of the purchasing functions are addressed except for how vendors are added to the vendor list. Policies and procedures over travel and expense reimbursement do not set dollar thresholds by category of expense.

BRIDGE HOUSE CORPORATION
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 – DECEMBER 31, 2017

Board (or Finance Committee, if applicable)

2. **Procedures:** Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: The board of directors met at a frequency that is in accordance with its by-laws. The board of directors meeting minutes reference budget to actual reports. Minutes referenced non-budgetary financial information.

Bank Reconciliations

3. **Procedures:** Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results: Obtained a listing of client bank accounts from management and management's representation that the listing was complete.

4. **Procedures:** Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
- a) Bank reconciliations have been prepared;

BRIDGE HOUSE CORPORATION
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 – DECEMBER 31, 2017

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: Bank reconciliations were prepared for every month. There was evidence of approval for the operating account reconciliation, but not on other bank account reconciliations. There was no documentation of research into small reconciling items that were outstanding for more than 6 months.

Collections

- 5. **Procedures:** Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results: Obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.

- 6. **Procedures:** Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

BRIDGE HOUSE CORPORATION
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 – DECEMBER 31, 2017

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: Bridge House Corporation maintains insurance policies that cover employee theft. All public funds are deposited directly into Bridge House Corporation's bank account. Employees responsible for collecting cash are not responsible for making deposits, recording transactions, or reconciling bank accounts. Employees have separate cash drawers, except at the Used Car location, which only has one cash drawer. The entity has a formal process to reconcile cash collections to the general ledger and subsidiary ledgers.

7. **Procedures:** Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Results: The entity has a process specifically defined to determine the completeness of all collections.

Disbursements – General (excluding credit card/debit card/fuel card/p-card purchases or payments)

8. **Procedures:** Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: Obtained a listing of entity disbursements from management and management's representation that the listing was complete.

9. **Procedures:** Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

BRIDGE HOUSE CORPORATION
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 – DECEMBER 31, 2017

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and, (3) an approved invoice.

Results: None of the items tested included a receiving report. Some of the requisitions/check requests were approved by the same person who initiated the request. However, only the Chief Executive Officer has the authority to sign checks and reviews all check requests and invoices. All purchases tested were approved by someone who did not initiate the purchase.

10. **Procedures:** Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results: The Chief Financial Officer is responsible for processing payments and is able to add vendors to the purchasing system. However, only the Chief Executive Officer has the authority to sign checks.

11. **Procedures:** Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: Persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. **Procedures:** Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: Individuals with signatory authority do not have system access to print checks.

BRIDGE HOUSE CORPORATION
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 – DECEMBER 31, 2017

13. **Procedures:** If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: A signature stamp or signature machine is not used to sign checks. The checks are maintained under the control of the signer until mailed.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. **Procedures:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) and management's representation that the listing was complete.

15. **Procedures:** Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

- a) Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:
- Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - Report whether finance charges and/or late fees were assessed on the selected statements.

Results: The monthly statements were approved in writing. However, the Chief Executive Officer approved her own credit card statement. There were no finance charges and/or late fees assessed on the selected statements.

BRIDGE HOUSE CORPORATION
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 – DECEMBER 31, 2017

16. **Procedures:** Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: Although the vast majority of transactions tested had proper support, there were certain transactions that lacked itemized receipts. The business purposes of certain transactions were not explicitly documented. Each transaction tested complied with Louisiana law.

Travel and Expense Reimbursement

17. **Procedures:** Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: Obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period and management's representation that the listing was complete.

BRIDGE HOUSE CORPORATION
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 – DECEMBER 31, 2017

18. **Procedures:** Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Results: The written policies do not establish dollar thresholds.

19. **Procedures:** Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: Each expense tested was supported by original itemized receipts and documentation of the business purpose. Each expense tested was approved in writing by someone not receiving the reimbursement or expending the funds.

BRIDGE HOUSE CORPORATION
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 – DECEMBER 31, 2017

Contracts

20. **Procedures:** Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: Obtained a listing of all contracts in effect during the fiscal period and management's representation that the listing was complete.

21. **Procedures:** Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: Formal/written contracts were not entered into for all service arrangements. Bridge House was not subject to Louisiana Public Bid Law or Procurement Code and did not solicit quotes as a best practice.

BRIDGE HOUSE CORPORATION
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 – DECEMBER 31, 2017

Payroll and Personnel

22. **Procedures:** Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: Obtained a listing of employees with their related salaries and management's representation that the listing was complete. Payments were made in strict accordance with the terms and conditions of the applicable pay rate structures. Changes to hourly pay rates/salaries were approved in writing and in accordance with written policy.

23. **Procedures:** Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: Daily attendance and leave was documented and approved for each employee for the period tested. The entity retained written leave documentation for employees who are granted leave.

BRIDGE HOUSE CORPORATION
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2017 – DECEMBER 31, 2017

24. **Procedures:** Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: Obtained a listing of employees that terminated during the fiscal period and management's representation that the listing was complete. Each termination payment selected was made in strict accordance with written policies and approved by management.

25. **Procedures:** Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: Employee and employer portions of payroll taxes, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Other

26. **Procedures:** Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No misappropriations of public funds or assets noted.

27. **Procedures:** Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: Notice is posted on the website and premises of the Entity.

28. **Procedures:** If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: No exceptions noted.



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New Orleans, LA 70125
504.522.4475
www.bridgehouse.org

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MBA, LAC
Chief Executive
Officer

Michelle Gaiennie,
LCSW
Executive Director,
Clinical Services

Kevin Gardere
Executive Director,
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BRIDGE HOUSE CORPORATION
CORRECTIVE ACTION PLAN – AGREED-UPON PROCEDURES
JANUARY 1, 2017 – DECEMBER 31, 2017

June 28, 2018

Louisiana Legislative Auditor

The Bridge House Corporation respectfully submits the following corrective action plan for items identified pursuant to the Statewide Agreed-Upon Procedures Engagement prescribed by the Louisiana Legislative Auditor.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, LA 70119

Engagement Period: January 1, 2017 – December 31, 2017

The exceptions from the Statewide Agreed-Upon Procedures Report are discussed below:

Written Policies and Procedures

Exceptions: How vendors are added to the vendor list is not addressed in the Purchasing functions. Policies and procedures over travel and expense reimbursement do not set dollar thresholds by category of expense.

Bridge House Response

Bridge House will add vendor additions to its Purchasing policies. Bridge House will initiate a policy that require set travel and expense thresholds by category of expense.

Bank Reconciliations

Exceptions: There was evidence of approval for the operating account reconciliation, but not on other bank account reconciliations. There was no





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documentation of research into small reconciling items that were outstanding for more than 6 months.

Bridge House Response

Bridge House was using the yearly audit guidelines which require us to review all outstanding items over 1 year. This year we will adopt the state guidelines of reviewing Items over 6 months.

Collections

Exceptions: The Used Car lot location has only one cash drawer, which multiple employees can access.

Bridge House Response

Bridge House used car lot is a small operation for which multiple cash drawers is not feasible. We now only accept cash on very limited administration approved transactions. The cash is immediately moved over to administration offices and deposited after most of those transactions.

Disbursements – General (excluding credit card/debit card/fuel card/p-card purchases or payments)

Exceptions: None of the items tested included a receiving report. Some of the requisitions/check requests were approved by the same person who initiated the request.





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Bridge House Response

Bridge House will initiate a policy that require all requisitions initiated are approved by another employee. The CFO will review these before check payment or in the monthly credit card review.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Exceptions: The Chief Executive Officer approved her own credit card statement. Although the vast majority of transactions tested had proper support, there were certain transactions that lacked itemized receipts. The business purpose of certain transactions was not explicitly documented.

Bridge House Response

Bridge House will initiate a policy that require all requisitions initiated by the CEO are approved by the CFO or Finance Committee member. Bridge House has initiated changes to make sure all transactions have receipt. It should be noted that most of the items that did not have previous support were small in nature. We will also initiate a policy that state certain amounts or nature have documentation of business purpose.

Travel and Expense Reimbursement

Exceptions: Policies and procedures over travel and expense reimbursement do not set dollar thresholds by category of expense.

Bridge House Response

Bridge House will initiate a policy that require set travel and expense thresholds by category of expense.





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Contracts

Exceptions: Formal/written contracts were not entered into for all services arrangements. Bridge House was not subject to Louisiana Public Bid Law or Procurement Code and did not solicit quotes as a best practice.

Else Pedersen,
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Chief Executive
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Bridge House Response

Bridge House agrees that it is not subject to the Louisiana Public Bid Law.

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If there are any questions regarding this plan, please contact Else Pedersen, Chief Executive Officer, at (504) 821-7152.

Sincerely,



Signature

C.E.O.

Title

