

RESPONSIBILITY HOUSE

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

June 30, 2019

CASCIO & SCHMIDT, LLC
Certified Public Accountants

RESPONSIBILITY HOUSE

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CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Responsibility House

Report on the Financial Statements

We have audited the accompanying financial statements of Responsibility House (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Responsibility House as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note A-14 to the financial statements, Responsibility House adopted the Financial Accounting Standards Board's ASU 2016-14, "Not-for-Profit Entities" for the year ended June 30, 2019. Our opinion is not modified with respect to that matter.

Report on summarized Comparative Information

We have previously audited Responsibility House's financial statements, and our report dated December 15, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information which includes the combined statement of activities and schedule of compensation, benefits and other payments to agency head or chief executive officer, is not a required part of the basic 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 Principles, and Audit Requirements for Federal Awards*, is 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 taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2019, on our consideration of Responsibility House's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 Responsibility House's internal control over financial reporting and compliance.

Cassio + Schmidt, LLC

Metairie, Louisiana
November 11, 2019

RESPONSIBILITY HOUSE
STATEMENT OF FINANCIAL POSITION
June 30, 2019

	<u>ASSETS</u>	Summarized Comparative Information <u>June 30, 2018</u>
CURRENT ASSETS		
Cash	\$ 171,594	\$ 140,133
Grants and Medicaid fees receivable (Note C)	<u>252,274</u>	<u>229,383</u>
Total current assets	423,868	369,516
PROPERTY AND EQUIPMENT (Notes A-5)		
Automotive equipment	217,405	217,405
Office equipment	10,381	10,381
Furniture and appliances	<u>5,717</u>	<u>5,717</u>
	233,503	233,503
Less accumulated depreciation	<u>156,848</u>	<u>121,085</u>
	76,655	112,418
OTHER ASSETS		
Deposits	<u>10,613</u>	<u>10,613</u>
Total assets	\$ <u>511,136</u>	\$ <u>492,547</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 45,059	\$ 52,400
Note payable (Note F)	<u>12,404</u>	<u>19,550</u>
Total current liabilities	<u>57,463</u>	<u>71,950</u>
Total liabilities	57,463	71,950
COMMITMENTS (Note G)	-	-
NET ASSETS (Note A-2 and D)		
Without donor restrictions	429,023	373,581
With donor restrictions	<u>24,650</u>	<u>40,016</u>
Total Net Assets	<u>453,673</u>	<u>420,597</u>
Total liabilities and net assets	\$ <u>511,136</u>	\$ <u>492,547</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	Summarized Comparative Information June 30, 2018
REVENUES				
Grants (Note C)	\$ 2,426,735	\$ -	\$ 2,426,735	\$ 2,197,531
Medicaid charges	306,528	-	306,528	331,080
Food Stamp income	15,537	-	15,537	9,744
In-kind services (Note I)	145,926	-	145,926	101,530
Occupancy fee	36,868	-	36,868	60,274
Other	2,721	-	2,721	35,491
Net assets released from restrictions	<u>22,366</u>	<u>(22,366)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>2,956,681</u>	<u>(22,366)</u>	<u>2,934,315</u>	<u>2,735,650</u>
EXPENSES				
Personnel services	850,357	-	850,357	728,283
Related benefits	87,282	-	87,282	74,255
Operating services	165,433	-	165,433	164,408
Supplies	154,929	-	154,929	159,342
Professional services	211,269	-	211,269	177,222
Occupancy (Note G)	1,342,679	-	1,342,679	1,338,662
Transportation	45,014	-	45,014	32,505
Depreciation	35,763	-	35,763	21,981
Equipment	<u>8,513</u>	<u>-</u>	<u>8,513</u>	<u>17,126</u>
Total Expenses	<u>2,901,239</u>	<u>-</u>	<u>2,901,239</u>	<u>2,713,784</u>
INCREASE (DECREASE) IN NET ASSETS	55,442	(22,366)	33,076	21,866
NET ASSETS, BEGINNING OF YEAR	<u>373,581</u>	<u>47,016</u>	<u>420,597</u>	<u>398,731</u>
NET ASSETS, END OF YEAR	<u>\$ 429,023</u>	<u>\$ 24,650</u>	<u>\$ 453,673</u>	<u>\$ 420,597</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	<u>Program Services</u>	<u>Management And General</u>	<u>Total</u>
Personnel service	\$ 849,917	\$ 440	\$ 850,357
Related benefits	83,751	3,531	87,282
Operating services	133,243	32,190	165,433
Supplies	152,009	2,920	154,929
Professional services	209,408	1,861	211,269
Occupancy	1,342,679	-	1,342,679
Transportation	41,245	3,769	45,014
Depreciation	9,554	26,209	35,763
Equipment	<u>8,513</u>	<u>-</u>	<u>8,513</u>
	<u>\$ 2,830,319</u>	<u>\$ 70,920</u>	<u>\$ 2,901,239</u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2019

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Summarized Comparative Information June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Grant revenue	\$ 2,415,719	\$ 2,166,923
Medicaid charges	294,653	331,080
Occupancy fees	36,868	60,274
Other	<u>18,258</u>	<u>45,235</u>
	2,765,498	2,603,512
Payments to employees and suppliers	(2,725,801)	(2,574,048)
Interest expense	<u>(1,090)</u>	<u>(1,776)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

38,607 27,688

CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of property and equipment	<u>-</u>	<u>(73,016)</u>
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NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES

- (73,016)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on installment loan	<u>(7,146)</u>	<u>(6,030)</u>
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NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES

(7,146) (6,030)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

31,461 (51,358)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

140,133 191,491

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 171,594 \$ 140,133

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE
STATEMENT OF CASH FLOWS
Year Ended June 30, 2019

RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		Summarized Comparative Information <u>June 30, 2018</u>
Increase in net assets	\$ <u>33,076</u>	\$ <u>21,866</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	35,763	21,981
(Increase) Decrease in operating assets:		
Grants and Medicaid fees receivable	(22,891)	(30,608)
Increase (decrease) in accounts payable and accrued expenses	(<u>7,341</u>)	<u>14,449</u>
Total adjustments	<u>5,531</u>	<u>5,822</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>38,607</u></u>	\$ <u><u>27,688</u></u>

The accompanying notes are an integral part of this statement.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Corporation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follow.

1. Nature of Activities

Responsibility House is a private, non-profit corporation. Responsibility House operates a residential treatment program, outpatient treatment program, and a supportive housing program. The accompanying financial statements present all programs operated by Responsibility House during the year ended June 30, 2019.

2. Presentation of Financial Statements

The Center's statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors are considered donor restricted. Some donor restrictions are temporary in nature, those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Donations of property and equipment are recorded at their estimated fair value at the date of donation.

3. Measure of Operations

The statement of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Corporation's ongoing activities. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Revenue Recognition

Grant revenue is recognized as it is earned in accordance with approved contracts. Contributions are recognized as income in the period received and is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, also when grant services are performed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions."

5. Property and Equipment

Property and equipment acquired by Responsibility House are considered to be owned by Responsibility House. However, State and Federal funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Responsibility House follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$5,000. Leasehold improvements are capitalized and amortized over the life of the lease. Depreciation is computed using the straight-line basis over the useful lives of the assets, generally as follows:

Automotive equipment	4 years
Furniture, equipment and appliances	5 - 7 years

Depreciation and amortization amounted to \$35,763 for the year ended June 30, 2019.

6. Income Taxes

The Corporation is a not-for-profit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

7. Estimates

The preparation of financial statement 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.

8. Fair Values of Financial Instruments

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

9. Cash Equivalents

For the purpose of the statement of cash flows, the Corporation considers all investments with original maturities of three months or less to be cash equivalents.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

10. Grants and Medicaid Receivable

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

11. Functional Allocation of Expense

The expenses of providing program and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Certain of those expenses have been allocated among the program and supporting services benefitted based on estimates by management of the costs involved.

12. Subsequent Events

Management has evaluated subsequent events through November 11, 2019, which is the date the financial statements were available to be issued.

13. Summarized Comparative Information

Summarized comparative information is presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

14. New Accounting Pronouncement:

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for Profit Entities*, which significantly amends the standards for the presentation and accompanying disclosures of the financial statements issued for fiscal years beginning after December 15, 2018. The update addresses the complexity and understandability of the net asset classifications, deficiencies in information about liquidity, availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied by the Corporation for the year ended June 30, 2019.

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash	\$ 171,594
Grants and Medicaid fees receivable	<u>252,274</u>
	\$ <u>423,868</u>

The Corporation's liquidity management policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE C - GRANTS AND MEDICAID RECEIVABLES AND REVENUE

Grants and Medicaid receivable and grant revenue at June 30, 2019, are as follows:

	<u>Receivables</u>	<u>Revenue</u>
Bayou Health Companies - Medicaid	\$ 11,875	\$ 306,528
Jefferson Parish Human Services Authority		
Men's Residential Program	60,964	350,004
PATH	7,511	85,713
Transitional Supportive Housing	4,441	45,000
HUD		
Supportive Housing Program	24,518	197,208
HOPWA	21,281	110,959
Community Development Block Grant		
Supportive Housing	6,804	18,219
Family Services	2,750	11,500
Unity of Greater New Orleans		
Keys Project	16,485	1,151,440
Pathways	71,607	299,235
Street Outreach	11,504	78,358
N. O. Equity & Inclusion Initiative	-	8,256
U.S. Probation	12,534	70,843
	<u>\$ 252,274</u>	<u>\$ 2,733,263</u>

NOTE D - NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consists of the following:

Subject to expenditure for a specified purpose:

Vehicle \$ 24,650

Releases from a donor restricted net assets for 2019 are as follows:

Releases from restrictions:

Subject to expenditure for a specified purpose:

Vehicle \$ 22,366

NOTE E - LINE OF CREDIT

The Corporation has a \$50,000 line of credit with a financial institution on which it may draw upon to provide necessary working capital. Interest at a rate of 6.35% accrues on the outstanding balance. At June 30, 2019, the balance in the line of credit account was zero.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE F - NOTE PAYABLE

The Corporation has a note payable with a financial institution maturing January 2021 with interest at 6.35%. The remaining balance of \$12,404 was paid in full August 2019.

Interest expense amounted to \$1,090 for the year ended June 30, 2019.

NOTE G - OPERATING LEASE COMMITMENTS

The Corporation has operating leases for the residential treatment program, supportive housing program and the administrative offices. Responsibility House also makes rental payments for client occupied apartments, which are leased to Responsibility House which in turn subleases the apartments to the supportive housing clients. The client occupied apartments are leased for one year periods beginning at various dates. Rental expense for the year is as follows:

	Client occupied apartments	Office	Total
Jefferson Parish Human Services Authority	\$ 4,370	\$ 11,511	\$ 15,881
PATH	9,060	2,589	11,649
Transitional Supportive Housing	40,523	-	40,523
Bayou Health Companies	14,400	18,107	32,507
HOPWA	10,030	10,320	20,350
HUD - SHP	105,999	4,200	110,199
Unity of Greater New Orleans Keys Project	846,161	21,983	868,144
Pathway	216,892	6,688	223,580
Other	-	19,846	19,846
	<u>\$ 1,247,435</u>	<u>\$ 95,244</u>	<u>\$ 1,342,679</u>

NOTE H - INCOME TAXES

Responsibility House is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

FASB ASC 740, Income Taxes, requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. Management does not believe its financial statements include any uncertain tax positions.

RESPONSIBILITY HOUSE

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2019

NOTE I - IN-KIND SERVICES

In-kind services amounting to \$145,926 consist of professional services provided to our supportive housing clients, and is presented as revenue and as an expense included in professional services in the statement of activities.

NOTE J - BOARD OF DIRECTORS' COMPENSATION

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

NOTE K- ECONOMIC DEPENDENCY

The Corporation received the majority of its revenue from funds provided through grants administered by the federal government and the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operations. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

The corporation is supported primarily through government grants. Approximately 83% of the corporation's support for the year ended June 30, 2019 came from government grants.

SUPPLEMENTAL INFORMATION

RESPONSIBILITY HOUSE
COMBINED STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	<u>Bayou Health Co.</u>	<u>U. S. Probation</u>	<u>JPHSA Men's Residential</u>	<u>HOPWA</u>	<u>Transitional Supportive Housing</u>
REVENUE					
Grant appropriations	\$ -	\$ 70,843	\$ 350,004	\$ 110,959	\$ 45,000
Medicaid charges	306,528	-	-	-	-
Food Stamp income	-	-	15,537	-	-
In-kind services	-	-	-	-	-
Occupancy fees	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>306,528</u>	<u>70,843</u>	<u>365,541</u>	<u>110,959</u>	<u>45,000</u>
EXPENSES					
Personnel services	164,504	26,726	173,238	33,659	3,580
Related benefits	17,594	2,670	17,394	3,056	337
Operating services	26,825	2,580	18,680	22,792	-
Supplies	23,824	36	18,147	26,042	413
Professional services	28,875	13,364	13,628	-	216
Occupancy	32,506	11,662	15,882	20,350	40,522
Transportation	1,037	18	1,061	501	363
Depreciation	-	-	-	-	-
Equipment	<u>227</u>	<u>-</u>	<u>1,916</u>	<u>5,363</u>	<u>-</u>
Total expenses	<u>295,392</u>	<u>57,056</u>	<u>259,946</u>	<u>111,763</u>	<u>45,431</u>
INCREASE (DECREASE) IN NET ASSETS	11,136	13,787	105,595	(804)	(431)
Transfers to (from) management and general	(11,136)	(13,787)	(105,595)	804	431
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

RESPONSIBILITY HOUSE

COMBINED STATEMENT OF ACTIVITIES - Continued

Year Ended June 30, 2019

	<u>N.O. Equity & Inclusion Initiative</u>	<u>HUD Supportive Housing</u>	<u>Community Development Block Grant</u>	<u>PATH</u>	<u>Pathways</u>
REVENUE					
Grant appropriations	\$ 8,256	\$ 197,208	\$ 29,719	\$ 85,713	\$ 299,235
Medicaid charges	-	-	-	-	-
Food Stamp income	-	-	-	-	-
In-kind services	-	2,739	-	7,399	21,204
Occupancy fees	-	2,608	-	-	6,235
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>8,256</u>	<u>202,555</u>	<u>29,719</u>	<u>93,112</u>	<u>326,674</u>
EXPENSES					
Personnel services	6,451	58,256	15,094	55,081	56,236
Related benefits	529	5,340	1,155	5,496	5,601
Operating services	364	9,981	4,492	6,297	6,347
Supplies	-	15,663	818	3,414	14,399
Professional services	-	3,489	1,275	7,726	23,147
Occupancy	4,200	110,199	-	11,649	223,581
Transportation	94	3,600	1,000	3,903	2,700
Depreciation	-	-	-	9,554	-
Equipment	<u>-</u>	<u>849</u>	<u>-</u>	<u>-</u>	<u>109</u>
Total expenses	<u>11,638</u>	<u>207,377</u>	<u>23,834</u>	<u>103,120</u>	<u>332,120</u>
INCREASE (DECREASE) IN NET ASSETS	(3,382)	(4,822)	5,885	(10,008)	(5,446)
Transfers to (from) management and general	3,382	4,822	(5,885)	10,008	5,446
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

RESPONSIBILITY HOUSE

COMBINED STATEMENT OF ACTIVITIES - Continued

Year Ended June 30, 2019

	<u>Street Outreach</u>	<u>Keys Project</u>	<u>Total Grants</u>	<u>Property and Equipment</u>	<u>Management and General</u>	<u>Total</u>
REVENUE						
Grant appropriations	\$ 78,358	\$ 1,151,440	\$ 2,426,735	\$ -	\$ -	\$ 2,426,735
Medicaid charges	-	-	306,528	-	-	306,528
Food Stamp income	-	-	15,537	-	-	15,537
In-kind services	-	114,584	145,926	-	-	145,926
Occupancy fee	-	28,025	36,868	-	-	36,868
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,721</u>	<u>2,721</u>
Total Revenue	<u>78,358</u>	<u>1,294,049</u>	<u>2,931,594</u>	<u>-</u>	<u>2,721</u>	<u>2,934,315</u>
EXPENSES						
Personnel services	62,447	194,645	849,917	-	440	850,357
Related benefits	5,515	19,064	83,751	-	3,531	87,282
Operating services	728	33,744	133,243	-	32,190	165,433
Supplies	5,387	44,063	152,009	-	2,920	154,929
Professional services	-	117,904	209,408	-	1,861	211,269
Occupancy	3,984	868,144	1,342,679	-	-	1,342,679
Transportation	2,132	24,836	41,245	-	3,769	45,014
Depreciation	-	-	9,554	26,209	-	35,763
Equipment	<u>-</u>	<u>49</u>	<u>8,513</u>	<u>-</u>	<u>-</u>	<u>8,513</u>
Total expenses	<u>80,193</u>	<u>1,302,449</u>	<u>2,830,319</u>	<u>26,209</u>	<u>44,711</u>	<u>2,901,239</u>
INCREASE (DECREASE) IN NET ASSETS	(1,835)	(8,400)	101,275	(26,209)	(41,990)	33,076
Transfers to (from) management and general	1,835	8,400	(101,275)	-	101,275	-
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,418</u>	<u>308,179</u>	<u>420,597</u>
Net assets, end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>86,209</u>	\$ <u>367,464</u>	\$ <u>453,673</u>

RESPONSIBILITY HOUSE

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

For the year ended June 30, 2019

Agency Head Name: Wm. Michael Martyn

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 110,048
Benefits	2,400
Reimbursements	2,213

RESPONSIBILITY HOUSE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

<u>Federal Grantor/Pass Through Grantors/Program Title</u>	<u>GRANTOR PASS THROUGH CONTRACT #</u>	<u>FEDERAL CFDA NUMBER</u>	<u>GRANT YEAR ENDED</u>	<u>FEDERAL EXPENDITURES</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass through Jefferson Parish Human Service Authority				
PATH		93.150	6/30/19	85,713
Transitional Supportive Housing		93.958	6/30/19	45,000
Passed through Unity of Greater New Orleans				
N.O. Equity and Inclusion Initiatives		93.243	9/29/19	<u>8,256</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>138,969</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Supportive Housing Program	LA0079L6H031609	14.267	6/30/19	197,208
Passed through City of New Orleans				
HOPWA	HOPWA-026E	14.241	12/31/18	65,002
HOPWA	HOPWA-026E	14.241	6/30/19	45,957
Passed through Jefferson Parish Department of Community Development				
CDBG	21280-1174-139-7331-81710-001	14.218	12/31/18	21,417
CDBG	21280-1174-139-7331-81816-001	14.218	12/31/19	8,302
Passed through Unity of Greater New Orleans				
Keys Project	LA0172L6H031605	14.267	10/31/18	387,780
Keys Project	LA0172L6H031706	14.267	10/31/19	763,661
Pathways	LA0070L6H031710	14.267	3/31/18	227,628
Pathways	LA0070L6H031811	14.267	3/31/19	71,607
Street Outreach for Coordinated Entry	LA0277L6H031802	14.267	6/30/19	<u>78,358</u>
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>1,866,920</u>

RESPONSIBILITY HOUSE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued

Year Ended June 30, 2019

U.S. DEPARTMENT OF JUSTICE

Passed through United States District Court, Eastern
District of Louisiana, Probation Office
Adult Drug Court Discretionary Grant

053L - 2019 - 003 16.585 9/30/19 70,843

TOTAL DEPARTMENT OF JUSTICE 70,843

TOTAL FEDERAL AWARDS \$ 2,076,732

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Responsibility House under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Par 200., Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Responsibility House it is not intended to and does not present the financial position, changes in net assets or cash flow of Responsibility House.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

3. Indirect Cost Rate

Responsibility House has not elected to use the 10% de minimis indirect cost rate.

4. The matching contributions for the Supportive Housing Program for the year ended June 30, 2019 are as follows:

In-kind contributions	\$ 97,229
CDBG funds	18,725
Responsibility House funds	<u>32,942</u>
	\$ <u>148,896</u>

CASCIO & SCHMIDT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA
STEVEN A. SCHMIDT, CPA

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PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA CERTIFIED
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INDEPENDENT AUDITOR'S 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
Responsibility House

We have audited, in accordance with the 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 Responsibility House (a nonprofit corporation) which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, and cash flows and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements we considered Responsibility House'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 Responsibility House's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Responsibility House'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 over financial reporting 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 the internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Responsibility House's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Standards Auditing* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for an other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cascio & Schmidt, LLC

Metairie, Louisiana
November 11, 2019

CASCIO & SCHMIDT, LLC

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

To the Board of Directors
Responsibility House

Report on Compliance for Each Major Federal Program

We have audited Responsibility House'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 Responsibility House's major federal programs for the year ended June 30, 2019. Responsibility House'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Responsibility House'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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Those standards and the Uniform Standards 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 Responsibility House'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 Responsibility House's compliance.

Opinion on Each Major Federal Program

In our opinion Responsibility House 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 June 30, 2019.

Report on Internal Control Over Compliance

Management of Responsibility House is responsible for establishing and maintaining effective internal control over compliance with the types of compliance of requirements referred to above. In planning and performing our audit of compliance, we considered Responsibility House'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 to 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 Responsibility House's internal control over compliance.

A deficiency in internal control over compliance 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 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 that might be deficiencies, significant deficiencies or material weaknesses. 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.

Purpose of this Report

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Metairie, Louisiana
November 11, 2019

RESPONSIBILITY HOUSE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2019

A. SUMMARY OF THE AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)?

☐ yes ☒ no

Identification of major programs:

CFDA Number(s)

14.267

Name of Federal Program

U.S. Department of Housing and Urban Development
and passed through Unity of Greater New Orleans
Continuum of Care Program

Dollar threshold used to distinguish between type A and B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

B. FINANCIAL STATEMENT AUDIT

There were no findings related to the financial statements for the year ended June 30, 2019.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no items identified in the course of our testing during the current year required to be reported.

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings.

RESPONSIBILITY HOUSE
STATEWIDE AGREED-UPON PROCEDURES
For the year ended June 30, 2019

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Responsibility House
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Responsibility House and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the fiscal year July 1, 2018 through June 30, 2019. The Responsibility House's management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

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*. 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 results are as follows:

Written Policies and Procedures

Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- 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/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
- 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 card, 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.
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111 - 1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results - There were no exceptions.

Board or Finance Committee

Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal year.*

For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable - There were no exceptions in the preceding year.

Bank Reconciliations

Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each account selected, and observe that:

Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Not applicable - There were no exceptions in the preceding year.

Collections

Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared, and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Employees that are responsible for cash collections do not share cash drawers/registers. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to be deposit.

Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

Observe that receipts are sequentially pre-numbered.

Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Trace the deposit slip total to the actual deposit per the bank statement.

Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more that 10 miles from the collection location or the deposit is less than \$100).

Trace the actual deposit per the bank statement to the general ledger.

There were no exceptions.

Non-Payroll Disbursements - (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

For each location selected, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has not written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

At least two employees are involved in processing and approving payments to vendors.

The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

For each location selected above also, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Observe that the disbursement matched the related original invoice/billing statement.

Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties, as applicable.

Not applicable - There were no exceptions in the preceding year.

Credit Cards

Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), for the fiscal period, 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.

Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined

statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.]]

Observe that finance charges and late fees were not assessed on the selected statements.

Using the monthly statements or combined statements selected, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transactions, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Not applicable - There were no exceptions in the preceding year.

Travel and Travel-Related Expense Reimbursement (excluding card transactions)

Obtain from management a listing of all travel and related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

If reimbursed using a pre diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Observe that each reimbursement supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy.

Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Not applicable - There were no exceptions in the preceding year.

Contracts

Obtain from management a listing of all agreements/contracts for professional services, material and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Not applicable - There were no exceptions in the preceding year

Payroll and Personnel

Obtain a listing of the employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Randomly select one pay period during the fiscal period. For the 5 employees/officials selected, obtain attendance records and leave documentation for the pay period and:

Observe that 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.)

Observe that supervisors approved the attendance and leave of the selected

employees/officials.

Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Not applicable - There were no exceptions in the preceding year

Ethics

Non-Profit organizations are excluded from the Ethics Statewide Agreed-Upon Procedures.

Debt Service

Non-Profit organizations are excluded from the Debt Service Statewide Agreed-Upon Procedures.

Other

Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Observe that the entity has posted on its premisses and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abusive of public funds.

There were no exceptions.

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 control and compliance areas identified in the State Agreed-Upon Procedures. 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.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the State Agreed-Upon Procedures, 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 Louisiana Legislative Auditor as a public document.

Cassio J. Schmidt, LLC.

Metairie, Louisiana
November 11, 2019