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O'BRIEN HOUSE

BATON ROUGE, LOUISIANA

DECEMBER 31, 2012

L.A. CHAMPAGNE & Co. LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
O'Brien House

We have audited the accompanying consolidated statement of financial position of O'Brien House and its subsidiaries as of December 31, 2012, and the related consolidated statements of activities, cash flows, and functional expenses and the related notes to the financial statements for the year then ended.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 audits 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 consolidated 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 O'Brien House and its subsidiaries as of December 31, 2012, and the changes in its net assets and its cash flows for the year ended December 31, 2012, in conformity 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 of O'Brien House and its subsidiaries as a whole. The accompanying supplemental information schedule of expenditures of federal awards on page 18 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic 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 supplemental 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 basic 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 July 2, 2013, on our consideration of O'Brien House and its subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 and should be considered in assessing the results of our audit.

July 2, 2013

O'BRIEN HOUSE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2012

ASSETS		
CURRENT ASSETS		
Cash:		
Cash	$ 52,501	
Cash designated by Board	30,685	
		83,186
Receivable.		
Grants receivable	93,825	
United Way allocation receivable	61,250	
Program services receivable	16,349	
		171,424
Prepaid expenses		34,054
		288,664
PROPERTY AND EQUIPMENT (NET)		1,158,801
OTHER ASSETS		
Receivable from affiliate	20,304	
Donated vehicles held for sale	4,062	
Construction in process	29,025	
Loans receivable from affiliate	561,046	
		614,437
Total assets		$ 2,061,902

Continued ..

LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Short-term loan obligations	$	26,471	
Current portion of long term debt		20,539	
Accounts payable		42,654	
Payroll withholding payable		1,211	
Accrued salaries		32,569	
Accrued compensated absences		12,481	
Clients savings and escrow		2,061	
Liability for unclaimed property		8,164	
			146,150
LONG-TERM LIABILITIES			
Long term debt, net of current maturities			602,813
NET ASSETS			
Unrestricted		871,155	
Unrestricted - designated		30,685	
Temporarily restricted		411,099	
			1,312,939
Total liabilities and net assets			$ 2,061,902

See accompanying notes

O'BRIEN HOUSE
CONSOLIDATED STATEMENT OF ACTIVITIES
Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Federal contracts and grants	$ 899,341	$ -	$ 899,341
United Way allocation	122,500	-	122,500
Grants	41,600	-	41,600
Contributions	40,207	-	40,207
Non cash contributions	264,875	-	264,875
Program services and rent	320,665	-	320,665
Plant It Forward services	119,011	-	119,011
Special events	63,833	-	63,833
Interest income	42,907	-	42,907
Fee from affiliate	6,969	-	6,969
	1,921,908	-	1,921,908
Net assets released from restrictions:			
Satisfaction of time and purpose restrictions	62,380	(62,380)	-
	1,984,288	(62,380)	1,921,908
EXPENSES			
Program expenses	1,454,891	-	1,454,891
Plant it Forward expenses	142,730	-	142,730
Management and general expenses	476,306	-	476,306
Fundraising expenses	21,284	-	21,284
	2,095,211	-	2,095,211
Decrease in net assets	(110,923)	(62,380)	(173,303)
Net assets - beginning of year (as originally reported in 2011 financial statements)	1,415,932	449,718	1,865,650
Prior period adjustments	(379,408)	-	(379,408)
Reclassification of imputed interest	(23,761)	23,761	-
Net assets - beginning of year (as restated)	1,012,763	473,479	1,486,242
Net assets - end of year	$ 901,840	$ 411,099	$ 1,312,939

See accompanying notes

O'BRIEN HOUSE
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets		$ (173,303)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	51,885	
Amortization of imputed interest on loans payable	37,380	
Amortization of discount on loans receivable	(42,756)	
Decrease in accounts receivable	50,756	
Increase in receivable from affiliate	(6,969)	
Increase in prepaid expense	(3,693)	
Donated vehicles	(4,062)	
Increase in accounts payable	14,981	
Increase in payroll withholding payable	1,211	
Increase in accrued salaries	4,165	
Decrease in accrued compensated absences	(9,215)	
Decrease in other accrued expense	(4,347)	
Total adjustments		89,336
Net cash used in operating activities		(83,967)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(11,385)	
Construction in process	(29,025)	
Net cash used in investing activities		(40,410)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal advances on line-of-credit	711	
Principal payments on line-of-credit	(12,050)	
Principal advances on short-term debt	28,487	
Principal payments on short-term debt	(26,286)	
Principal payments on long-term debt	(54,836)	
Increase in client savings and escrow	60	
Increase in liability for unclaimed property	8,164	
Net cash used in financing activities		(55,750)
NET DECREASE IN CASH		(180,127)
Cash and cash equivalents - beginning of year		263,313
Cash and cash equivalents - end of year		$ 83,186

See accompanying notes

O'BRIEN HOUSE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2012

	Program Services	Plant it Forward	Management and General	Fundraising	Total
Salaries and contract labor	$ 654,060	$ 97,290	$ 280,311	$ -	$ 1,031,661
Payroll taxes	48,679	8,638	20,862	-	78,179
Employee benefits	30,814	-	13,205	-	44,019
Food and beverage	330,822	16	-	-	330,838
Occupancy	73,925	-	31,682	-	105,607
Insurance	30,230	-	12,956	-	43,186
Tax and licenses	2,272	90	973	-	3,335
Bad debts	47,457	12,447	-	-	59,904
Supplies	31,532	2,431	13,514	-	47,477
Interest	28,214	-	12,092	-	40,306
Information technology and website	19,283	426	8,264	-	27,973
Accounting and audit	-	-	37,384	-	37,384
Professional fees	3,856	2,591	1,652	-	8,099
Vehicle	30,089	8,816	-	-	38,905
Drug testing supplies	19,896	-	500	-	20,396
Materials cost	-	4,051	-	-	4,051
Special events	-	-	-	15,212	15,212
Equipment lease and maintenance	5,385	4,777	2,307	-	12,469
Client assistance	6,477	-	-	-	6,477
Marketing	-	-	-	5,012	5,012
Telephone	8,748	-	3,748	-	12,496
Dues and memberships	2,080	-	892	-	2,972
Miscellaneous	25,612	36	10,977	-	36,625
Bank charges	1,170	256	1,170	-	2,596
Printing	-	-	-	1,060	1,060
Mileage	2,675	755	1,147	-	4,577
Pest control	2,916	-	1,250	-	4,166
Postage	-	110	790	-	900
Conferences	560	-	-	-	560
Other expenses	11,819	-	5,065	-	16,884
Depreciation	36,320	-	15,565	-	51,885
Total expenses	$ 1,454,891	$ 142,730	$ 476,306	$ 21,284	$ 2,095,211

See accompanying notes

O'BRIEN HOUSE
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities
O'Brien House (the "Organization") is a Louisiana non-profit corporation whose mission is to contribute to a sustained reduction in the use and abuse of alcohol and other chemicals proven to be hazardous to human health and detrimental to community well being. The Organization was established in August, 1971. Its facilities are located near downtown Baton Rouge.

During 2010, the Organization formed Plant It Forward, LLC, a single member Limited Liability Company. Plant It Forward is a Client and Alumni Social Enterprise company designed to give clients transferrable skills and meaningful jobs. Plant It Forward goals are to provide meaningful employment to current O'Brien House clients, to provide service work in the community when called upon and to provide a much needed service to the residents of Baton Rouge and surrounding areas at a very reasonable price.

In 2006, O'Brien House Management, Inc., a Corporation, was organized for the purpose of being the managing member of O'Brien House, SRO, LLC. The Organization is its sole shareholder.

Basis of accounting
The Organization prepares it financial statements on the accrual basis of accounting. Under this method of accounting, revenue is recognized when earned or billed, and expenses are recognized when goods or services are received and the obligation for payment is incurred.

Basis of presentation
Financial statement presentation follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Financial Statements of Not-for-Profit Organizations.* Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities under three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are resources that are free of donor-imposed use or time restrictions and are available at the direction of the governing board. Temporarily restricted net assets are resources that are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations Permanently restricted net assets are those resources whose use by the Organization is limited to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization The Organization presently has no permanently restricted net assets.

Included in unrestricted-designated net assets are amounts that from time to time have been designated by the board of directors for future investment or contingencies

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The consolidated financial statements include the accounts of O'Brien House, Plant It Forward, LLC and O'Brien House Management, Inc. All intercompany accounts and transactions have been eliminated. The expenses of the LLC are reflected as a separate column in the Statement of Functional Expense.

Contributions and grants

Contributions received, grants, and unconditional promises to give are measured at their fair values and are reported as an increase in net assets The Organization reports cash gifts, grants and contributions of other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or grants, or if they are designated as support for future periods. When donor restrictions expire, that is, when the stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets 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 unrestricted support.

Sources of revenue

The organization received federal grants, passed through the State of Louisiana, Parish of East Baton Rouge and City of Baton Rouge for the purpose of providing supportive housing programs. They also received grants for the purpose of providing treatment to individuals for substance abuse disorders.

The Organization is also a participating agency of and receives a portion of its annual funding from the Capital Area United Way. Other principal sources of revenues are private grants, contributions from its annual appeal, special events, donations and client service fees.

Donated personal services

The value of donated personal services provided has not been recorded in the accompanying financial statements. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in the performance of its programs and various committee activities.

Donated food and supplies

Food and supplies donated to the Organization are recorded at fair market value on the date received and are included in non cash contributions and charged out as appropriate to various expenses. Such donations are reported as unrestricted contributions 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, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents
For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts receivable
Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. Subsequent collections are reported in miscellaneous income. In this case, the resulting charge to bad debt expense does not differ significantly from that expensed under the allowance method prescribed by generally accepted accounting principles.

Prepaid expenses
Insurance and similar services which extend benefits over more than one accounting period have been recorded as prepaid.

Property and equipment
Acquisitions of property and equipment are capitalized and are stated at cost less accumulated depreciation with depreciation being calculated on the straight-line basis over the estimated useful life of the assets as follows:

Buildings	20-40 yrs
Equipment	5 -10 yrs
Furniture	7 yrs
Vehicles	5 yrs

When property is retired or otherwise disposed of, the accounts are relieved of the applicable cost and accumulated depreciation, and any resulting gain or loss is reflected in operations.

Fair value – loan receivables and payables
Certain loan receivables and payables with a stated interest rate that is less than its market rate are carried by their approximate fair value. The fair value is based on the wall street journal prime rate in effect at inception, for the loans with no scheduled payments. For the loans with a fixed payment schedule, the fair value is based on the estimated borrowing rate in effect at the time the loans are fully funded.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax status

The Organization is exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation under IRC 170(b)(1)(A)(vi).

The Organization applies the standards in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 740-10 in accounting for uncertainty in income taxes. The Organization files a United States return of organization exempt from income tax. The Organization's returns for 2009, 2010, 2011, and 2012 are subject to examination by the Internal Revenue Service.

Functional allocation of expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs are charged specifically to a program or function and the remaining costs are allocated among programs, management, and fund raising based upon estimates of staff time devoted to these functions.

B: ECONOMIC DEPENDENCY

The Organization receives the majority of its funds provided through government grants and contracts. If significant budget cuts are made at the federal/state level, the amount of funds the Organization receives could be reduced significantly and have an adverse impact on its operations. Management is aware of budget cuts and is making the necessary reductions in expenses and exploring additional funding sources.

Significant among those are the following, reflecting their percent of total revenues provided in 2012:

Capital Area United Way	6%
Department of Housing and Urban Development	7%
Department of Health and Human Services	40%

C: CONCENTRATION OF CREDIT RISK

Included in receivables are amounts due from the federal government and the State of Louisiana. The majority of the other receivables are service fees due from local clients. Such receivables are not collateralized. Payment of these amounts is partly dependent upon the strength of the local economy and the availability of federal and state governmental funding for grant programs.

C: CONCENTRATION OF CREDIT RISK (Continued)

The Organization maintains deposits in a local financial institution with balances at times that may exceed the $250,000 federal insurance provided by the Federal Deposit Insurance Corporation.

D: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at cost, less accumulated depreciation:

Land	$	65,000
Buildings		1,309,066
Vehicles		73,949
Equipment		89,924
Furniture		68,186
		1,606,125
Less accumulated depreciation		(447,324)
	$	1,158,801

Depreciation expense for the year ended December 31, 2012 was $51,885.

In 2012, the Organization entered into an agreement with the City of Baton Rouge – Parish of East Baton Rouge for a grant of $450,000 to be used for building renovations. To date architect fees of $29,025 have been charged to construction in process.

E: SHORT-TERM LOAN OBLIGATIONS

Short-term loan obligations at December 31, 2012 consisted of:

Bank line of credit in the amount of $50,000, unsecured, bearing interest at the bank's index rate of 6.65%.	$	4,315
Non interest bearing loan, payable in monthly installments of $3,165, secured by unexpired insurance premiums.		22,156
	$	26,471

F: LONG-TERM DEBT

Long-term debt at December 31, 2012 consisted of the following.

	Gross Balance	Discount	Net
Mortgage loan at 0% (imputed interest rate of 6.75%) payable in monthly installments of $792, commencing July, 2001	$ 80,750	$ 19,431	$ 61,319
CDBG loan at 0% (imputed interest rate of 6%) payable in annual installments of $20,850, commencing January, 2012	396,150	160,387	235,763
Home program loan at 0% (imputed interest rate of 6%) payable in monthly installments of $2,004, commencing January, 2012	457,551	184,533	273,018
CDBG loan at 0% (imputed interest rate of 6%) payable in quarterly installments of $2,500, commencing January, 2019	100,000	46,748	53,252
	$ 1,034,451	$ 411,099	623,352
Less current portion			20,539
Long-term portion			$ 602,813

Scheduled principal reductions for the next five year and thereafter are as follows:

2013	$ 20,539
2014	21,829
2015	23,200
2016	24,657
2017	26,207
Thereafter	506,920
	$ 623,352

Interest expense on all loan obligations for the year ended December 31, 2012 was $40,306.

F: LONG-TERM DEBT (Continued)

In 2001 a rehabilitation loan with the City of Baton Rouge-Parish of East Baton Rouge was converted into a mortgage loan with payments of $792 per month. The original face value of the note was $190,000, with a term of 20 years and a stated interest rate of zero percent (0%). This note is reported in the accompanying financial statements at its fair value of $61,319, using an imputed rate of 6.75%.

From 2004 to 2010, the City-Parish of East Baton Rouge advanced funds totaling $996,762 under three separate programs for the construction of facilities. The notes are to be repaid at 0% interest with terms from 40 to 240 months. The notes were discounted using an imputed rate of 6%. The original discount for these loans in the amount of $475,415, was recognized as a temporarily restricted contribution in 2010.

G: LEASE COMMITMENTS

The Organization has a lease for office space and two leases for office equipment that are classified as operating leases. The leases require total monthly payments of $940.

The future minimum lease payments are as follows:

Years Ending December 31,		
2013	$	3,140
2014		1,200
	$	4,340

The Organization also rents equipment on a periodic basis as needed.

H: RELATED PARTY TRANSACTIONS

The Organization is the sole shareholder of O'Brien House Management, Inc , which owns .01 % and is the managing member of O'Brien House SRO. L.L.C. (the SRO).

During prior years, the Organization loaned $900,000 to the SRO for the purpose of constructing residential facilities. The loans were made at 4 73% on $400,000 and 0% on $500,000. No repayment is required as long as the facilities are used in compliance with the operating agreement, unless the SRO makes a profit. On December 31, 2022 the Organization shall have the right to purchase the residential facilities for the outstanding balance of the note.

The loans are included in the accompanying financial statements at fair value which includes the principle balance of $900,000 plus accrued interest of $65,883 less unamortized discount of $404,837. Discount amortized in 2012 amounts to $42,756 and is included in interest income.

Under provisions of the SRO's Amended and Restated Operating Agreement, the SRO shall pay to O'Brien House Management, Inc a management fee in the initial amount of $5,500, cumulative out

H: RELATED PARTY TRANSACTIONS (Continued)

of available cash flows, to compensate the managing member for managing the SRO's operations and assets and coordinating preparation and filing of reports and returns with the Louisiana Housing Finance Agency, various tax authorities and others. The Company Management Fee increases by 3% each year.

For the year ended December 31, 2012 the fee amounted to $6,969. At December 31, 2012 O'Brien House Management, Inc. was owed a total of $20,304 in accumulated management fees.

I: RESTRICTIONS OF NET ASSETS

Temporarily restricted net assets at December 31, 2012, consist of the unamortized portion of imputed interest on below market rate loans in the amount of $411,099. This imputed interest was previously recorded as temporarily restricted contributions Amounts are released from restriction as the imputed interest is expensed over the terms of the loans

Net assets were released from restrictions by incurring expenses satisfying the time and purpose of restrictions as follows:

Purpose restriction accomplished:		
Huey and Angelina Wislon Foundation	$	20,000
Powell Group		5,000
Imputed interest		37,380
Total restrictions released	$	62,380

J: CONTINGENCIES

The Organization receives a portion of its revenues from government grants and contracts, all of which are subject to audit by the governments. The ultimate determination of amounts received under these programs generally is based upon allowable cost reported to and are subject to audit by the government. Until such audits, if any, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

K: FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures,* requires the use of valuation techniques that are consistent with the market approach, the income approach, and/or the cost approach The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or

K: FAIR VALUE MEASUREMENTS (Continued)

earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement costs). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances

Under FASB ASC 820, fair value measurements are reported in a fair value hierarchy which is determined by the lowest level input that is significant to the fair value measurement in its entirety. The hierarchy is separated into three levels, which are:

Level 1 – inputs are based upon unadjusted quoted prices for identical assets or liabilities traded in active markets.

Level 2 – inputs are based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.

Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. While management believes the Organization's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could results in a different estimate of fair value at the reporting date.

K: FAIR VALUE MEASUREMENTS (Continued)

Below market rate loans receivable
These loans are reported at fair value utilizing Level 3 inputs. Fair value measurements are calculated using discounted cash flows.

Below market rate loans payable
These loans are reported at fair value utilizing Level 3 inputs. Fair value measurements are calculated using discounted cash flows.

Fair values of assets measured on a recurring basis at December 31, 2012, are as follows:

		Fair Value Measurements at Reporting Date Using		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Below market rate loans receivable	$ 561,046	$ -	$ -	$ 561,046
Below market rate loans payable	$ 623,352	$ -	$ -	$ 623,352

L: FEDERALLY ASSISTED PROGRAMS

Federal and State assistance programs represent an important source of funding for O'Brien House. These programs are audited in accordance with the "Single Audit Act " Other programmatic audits may be conducted by grantor agencies. Prior audits have not resulted in any significant disallowed cost. However, grantor agencies may conduct or require additional examinations which could result in the cancellation of grants or contracts, the disallowance of costs charged to the grant or require the repayment of any questioned costs identified and such repayments may be material to the financial statements.

M: NON CASH CONTRIBUTIONS

During the year ended December 31, 2012, the Organization received the following non cash contributions that have been reflected as such in the accompanying statement of activities. The corresponding expenses are included in the schedule of Functional Expenses in the appropriate categories.

Food	$	261,115
Household items		3,760
Total In kind contributions	$	264,875

N: NON-CASH INVESTING AND FINANCING ACTIVITIES

There were no non-cash investing and financing activities in 2012.

O: SUBSEQUENT EVENTS

Subsequent to year end, Plant It Forward, L.L.C. ceased operations. In 2012, company operations produced revenues of $119,011 and incurred expenses of $142,730 which are reported separately on the accompanying statements of activities and functional expenses

Subsequent events were evaluated through July 2, 2013, which is the date the financial statements were available to be issued.

P: RESTATEMENTS AND RECLASSIFICATIONS

Current receivables and unrestricted net assets as of December 31, 2011, have been restated and increased by $128,500 to reflect the unrecorded amounts due on the 2011-2012 United Way allocation and federal grants.

Unamortized imputed interest on below market rate loans receivable as of December 31, 2011 was reduced by $126,195 and unamortized discount was increased by $426,555 and accrued interest increased by $44,842. As a result unrestricted net assets were reduced by $507,908.

Also, temporary restricted net assets at December 31, 2011 were increased and unrestricted net assets decreased by $23,761 to recognized the restriction related to unamortized imputed interest on a below market rate loan payable.

SUPPLEMENTAL INFORMATION

O'BRIEN HOUSE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2012

FEDERAL GRANTOR GRANTORS/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING #	PROGRAM OR AWARD AMOUNT	REVENUE RECOGNIZED	TOTAL FEDERAL EXPENDITURES
U. S. Department of Housing and Urban Development					
Passed Through the City Parish of East Baton Rouge - Office of Community Development					
Community Development Block Grant - Entitlement Grant	14 218		$ 25,000	$ 25,000	$ 25,000
Community Development Block Grant - 2010 Gustav/Ike Disaster Recovery	14 228		450,000	29,025	29,025
Supportive Housing Program - Supportive Housing	14 235	LA0099B6H041104	45,190	40 157	40,157
Supportive Housing Program - Permanent Housing	14 235		19,971	19,971	19,971
			65,161	60,128	60,128
Emergency Shelter Grant	14 231		9,350	9,350	9,350
State Emergency Shelter Grant	14 231		12,000	12,000	12,000
			21,350	21,350	21,350
U.S. Department of Health and Human Services					
Passed Through the Louisiana Department of Health and Hospitals - Office of Addictive Disorders					
Substance Abuse and Mental Health Services - Access to Recovery	93 275		306,580	306,580	306,580
Passed Through Capital Area Human Services District					
Substance Abuse Prevention and Treatment	93 959	704828	398,208	181,220	181,220
		715364	398,208	168,690	168,690
Dual Diagnosis	93 959	704248	65,880	31,680	31,680
		714801	65,700	25,515	25,515
Strengthening Families 1	93 959	705161	24,200	12,064	12,064
		714597	24,200	10,817	10,817
Strengthening Families 2	93 959	705159	27,500	14,636	14,636
		714599	27,500	12,636	12,636
			1,031,396	457,258	457,258
			$ 1,899,487	$ 899,341	$ 899,341

Note A. The schedule above is prepared using accrual basis of accounting This information is presented in accordance with the requirement of OMB Circular A-133, Audits of State, Local Government, and Nonprofit Organizations Therefore, the amounts presented on the schedule may differ from amounts presented in the basic financial statements.

Michael A. Tham, CPA
Robert L. Stamey, CPA
Susan S Tham, CPA
Kimberly G Sanders, CPA, MBA

L.A.CHAMPAGNE &Co. LLP
Certified Public Accountants

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*

The Board of Directors
O'Brien 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 consolidated financial statements of O'Brien House and its subsidiaries, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the O'Brien House's consolidated financial statements and have issued our report thereon dated July 2, 2013

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered O'Brien 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 O'Brien House's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of O'Brien House's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2012-1, 2012-2, 2012-3, 2012-4 and 2011-1 that we consider to be significant deficiencies.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether O'Brien 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.*

O'Brien House's Response to Findings
O'Brien House's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. O'Brien House's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 O'Brien House's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering O'Brien House's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

L A Champagne & Co LLP

July 2, 2013

Michael A. Tham, CPA
Robert L. Stamey, CPA
Susan S. Tham, CPA
Kimberly G. Sanders, CPA, MBA

L.A. CHAMPAGNE &Co. LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Directors
O'Brien House

Report on Compliance for Each Major Federal Program
We have audited the O'Brien House's compliance with the types of compliance requirements described in the *U.S Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of O'Brien House's major federal programs for the year ended December 31, 2012. O'Brien House 's major federal programs are identified in the summary of auditor's results section of the accompanying summary of audit results and 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 O'Brien 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about O'Brien 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 on O'Brien House's compliance.

4911 Bennington Avenue • Baton Rouge, Louisiana 70808-3153 • Phone (225) 925-1120 • Fax (225) 927-8124 • lac@laccpa com

Opinion on Each Major Federal Program

In our opinion, O'Brien House complied, in all material respects, with the types 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, 2012

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-5. Our opinion on each major federal program is not modified with respect to this matter.

O'Brien House's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. O'Brien House's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the O'Brien House 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 the O'Brien 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 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 OMB Circular A-133, 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 the O'Brien House'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 preceding paragraph 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

July 2, 2018

O'BRIEN HOUSE
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2012

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of O'Brien House.

2. Five significant deficiencies in internal controls, 2012-1, 2012-2, 2012-3, 2012-4, and 2011-1, relating to the audit of the financial statements are included in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards* " No items are reported as material weaknesses.

3. No instance of noncompliance material to the financial statements of O'Brien House was disclosed during the audit.

4. No instance of significant deficiency in internal controls relating to the audit of the major federal award programs is included in the "Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133".

5. The auditor's report on compliance for the major federal award programs for O'Brien House expresses an unqualified opinion

6. There is one audit finding, 2012-5, relating to the major federal award programs for O'Brien House reported in Part C of this Schedule.

7. The programs tested as a major programs is as follows.

   U. S. Department of Health and Human Services
   CFDA 93.275 – Substance Abuse and Mental Health Services – Access to Recovery

8. The threshold for distinguishing Types A and B programs was $300,000.

9. O'Brien House was determined to be a low-risk auditee.

B: FINDINGS - FINANCIAL STATEMENTS AUDIT

INTERNAL CONTROL

2012-1 Internal Control over Financial Reporting

Condition: We assisted management in the analysis and reclassification of various accounts in order to close the books at year end and in drafting the financial statements and related notes as part of our year-end audit process.

Effect. Because our involvement is so key to that process there is an indication that this deficiency in internal control over financial reporting of the Organization meets the definition of a significant deficiency as defined below.

Criteria Internal controls over financial reporting are those policies and procedures that exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Auditor's Recommendation At this time it is not feasible for the O'Brien House to acquire the expertise necessary to actually draft the year end financial statements in accordance with GAAP. Therefore, we propose to continue to assist management in the drafting of those financial statements.

Management Response: Management acknowledges the condition as described above. Although the O'Brien House's management does not actually prepare and draft the financial statements, they have the capacity and experience to understand proposed adjustments and to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles. Management provides all of the information to support adjustments and reclassifications and other information to be included in the financial statements and they understand the financial statement presentation. Therefore, management proposes to continue with the current arrangement for financial statement preparation.

2012-2 Internal Control over Payroll

Condition We noted a general lack of controls over payroll, particularly during the review process prior to the actual disbursement of payroll funds. There was no documentation indicating approval of the "preview" payroll register before submission to the third party payroll processor. In addition, the final processed payroll register is not reconciled with the "preview" payroll register

Effect Without a system of checks and balances, there is a greater risk that intentional or unintentional errors could be made and not detected in the ordinary course of business

In our tests of two payroll periods, we noted three discrepancies between the "preview" payroll register and the final payroll register. Details shown on the final payroll register and the amount paid to employees did not agree with that reported on the "preview" payroll register.

We also noted in reconciling the yearly gross salaries on the payroll register to the taxable wages on the payroll tax reports that withholdings for certain items such as garnishments may have been inappropriately deducted in determining taxable wages

Criteria In order to ensure accuracy in payroll processing, it is important to maintain appropriate processing and monitoring controls over the entire payroll process.

Auditor's Recommendation· The Organization should develop and implement a process to reconcile payroll input data to the resulting payroll registers and journals and to document the review. The parameters in the payroll system that determine the taxability of salaries and wages and the tax treatment of various benefits and withholdings should be reviewed and corrected as necessary to conform with current tax regulations.

Management Response. Management acknowledges the conditions as described above and will develop and implement procedures to reconcile payroll data and will conduct a thorough review of the tax treatment of all benefits and withholdings and correct the system parameters as necessary.

2012-3 Undeposited funds

Condition The organization uses an undeposited funds general ledger account to capture receipts as they come into the office. As deposits are compiled and processed through the system and deposited in the organization's bank account, the items in the undeposited account are transferred to the appropriate general ledger cash account. However, the undeposited funds account is not reconciled to assure that all items are cleared once the items are deposited.

Effect Without a system of checks and balances, there is a greater risk that intentional or unintentional error could be made and not detected in the ordinary course of business.

At year end there was a balance of $4,433 in the undeposited funds account that could not be related to specific items that were subsequently accounted for in actual bank deposits.

Criteria Internal controls over receipts should be sufficient to ensure that all receipts are in fact properly deposited and accurately recorded in the books and record.

Auditor's Recommendation. The Organization should institute a policy that all receipts be deposited immediately. Also, the items comprising the balance in the undeposited funds account at the end of each month, as part of the bank reconciliation process, should be identified and traced to subsequent bank deposits.

Management Response Management acknowledges the condition as described above and will develop and implement policies and procedures to promptly clear and reconcile undeposited funds.

2012-4 Misappropriation – Plant It Forward

Condition In the process of winding-down the affairs of Plant It Forward, controls over cash and the company debit cards were disregarded.

Effect: Without a system of checks and balances, there is a greater risk that intentional or unintentional errors could be made and not detected in the ordinary course of business. The lack of attention to proper controls resulted in the misappropriation and loss of approximately $3,000 in improper and unauthorized purchases by an employee using an O'Brien House bank debit card. Subsequent to the discovery of the misappropriation, and in response, management inappropriately held receipts for several months in an attempt to prevent access to funds held in the bank account.

Criteria Internal controls over cash accounts should be sufficient to ensure that funds are protected from misappropriation and unauthorized use and that all receipts are promptly deposited and accurately recorded in the books and record.

Auditor's Recommendation The Organization should maintain control over all cash funds and access cards and institute a policy that all receipts be deposited immediately.

Management Response. Management conducted an investigation of the unauthorized use of the debit card and identified the employee involved. The employee was terminated and charges were filed with the appropriate authorities. No restitution has been made Management acknowledges the condition as described above and will more closely monitor the winding-down activities for Plant It Forward.

2011-1 Client savings, escrow and receivables

Condition We noted the Organization did not review or reconcile client savings, escrow or receivable accounts on a timely basis. In addition, management did not make necessary adjusting entries to the accounts and general ledger.

Effect As a result, the details that comprise the account balances are not sufficient to clearly identify the individuals and the amounts due them or due the Organization.

Criteria: Controls over funds due to or from clients should be sufficient to ensure that an accurate record is maintained identifying each client and the amounts held for them or due from them.

Auditor's Recommendation: Client savings, escrow and receivable accounts should be reviewed and reconciled on a monthly basis. Unclaimed property should be properly identified and remitted to the state in accordance with state regulations. Receivables deemed uncollectible should be written off. In addition, all credit balances in the receivable account should be investigated and appropriate action taken.

Management Response: Management concurs with the recommendation. The accounts will be reviewed, reconciled and adjusted as needed. After reviewing the savings and escrow accounts for accuracy and if a client cannot be contacted, the accounting staff will remit those funds to the State of Louisiana - Unclaimed Property Division at the appropriate time. Receivables deemed uncollectible will be written off and charged to bad debts expense.

C: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Substance Abuse and Mental Health Services – Access to Recovery; CFDA No. 93.275; year ended December 31, 2012.

COMPLIANCE

2012-5 Activities Allowed or Unallowed – Residential overnight stay

Condition Our test of compliance noted five instances where O'Brien House was paid for residential overnight stays that were not supported by a client signature on the required sign in sheet. In addition one client was incorrectly coded as attending an alcohol program.

Effect O'Brien House was paid for services not supported with the documentation required by the Louisiana Department of Health and Hospitals.

Criteria O'Brien House has a responsibility to comply with all grant program requirements. The grant requires documentation supporting all residency claims and client attendance at programs.

Question costs $260.00

Auditor's Recommendation. O'Brien House should develop and implement procedures to insure that all claims for services are supported with the documentation required to substantiate the claim.

Management Response Management acknowledges the condition and will review and update policies and procedures to insure that documentation substantiating services provided is maintained in accordance with program requirements.

O'Brien House

Saving lives and families from addiction since 1971
446 N. 12th Street | Baton Rouge, LA 70802 | Phone. 225.344.6345 | Fax: 225.246-7796
www.obrienhouse.org | info@obrienhouse.org

July 2, 2013

The O'Brien House respectfully submits the following corrective action plan for the year ended December 31, 2012.

Name and Address of independent public accounting firm:
L.A. Champagne & Co., L.L.P.
4911 Bennington Avenue
Baton Rouge, LA 70808

Audit period: Year ended December 31, 2012

The findings from the 2012 schedule of findings and questioned cost are discussed below. The findings are numbered consistently with the number assigned to the schedule.

INTERNAL CONTROL

2012-1 Internal Control over Financial Reporting

Condition: We assisted management in the analysis and reclassification of various accounts in order to close the books at year end and in drafting the financial statements and related notes as part of our year-end audit process.

Action Taken: Management acknowledges the condition as described above. Although the O'Brien House's management does not actually prepare and draft the financial statements, they have the capacity and experience to understand proposed adjustments and to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles. Management provides all of the information to support adjustments and reclassifications and other information to be included in the financial statements and they understand the financial statement presentation. Therefore, management proposes to continue with the current arrangement for financial statement preparation.

2012-2 Internal Control on Payroll

Condition We noted a general lack of controls over payroll, particularly during the review process prior to the actual disbursement of payroll funds. There was no documentation indicating approval of the "preview" payroll register before submission to the third party payroll processor. In addition, the final payroll register is not reconciled with the "preview" payroll register.

Action Taken· Management acknowledges the condition as described above and will develop and implement procedures to reconcile payroll data and will conduct a thorough review of the tax treatment of all benefits and withholdings and correct the system parameters as necessary

2012-3 Undeposited Funds

Condition· The Organization uses an undeposited funds general ledger account to capture receipts as they come into the office As deposits are compiled and processed through the system and deposited in the Organization's bank account, the items in the undeposited account are transferred to the appropriate general ledger cash account. However, the undeposited funds account is not reconciled to assure that all items are cleared once the items are deposited.

Action Taken Management acknowledges the condition as described above and will develop and implement policies and procedures to promptly clear and reconcile undeposited funds

2012-4 Misappropriation – Plant It Forward

Condition In the process of winding-down the affairs of Plant It Forward, LLC controls over cash and the company debit cards were disregarded.

Action Taken Management acknowledges the condition as described above and will more closely monitor the winding-down activities for Plant It Forward.

2011-1 Client savings, escrow, and receivables

Condition: We noted the Organization did not review or reconcile client savings, escrow or receivable accounts on a timely basis In addition, management did not make necessary adjusting entries to the accounts and general ledger.

Management Response Management concurs with the recommendation. The accounts will be reviewed, reconciled and adjusted as needed. After reviewing the savings and escrow accounts for accuracy and if a client cannot be contacted, the accounting staff will remit to State of Louisiana - Unclaimed Property Division at the appropriate time. Receivables deemed uncollectible will be written off and charged to bad debts expenses.

COMPLIANCE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Substance Abuse and Mental Health Services – Access to Recovery; CFDA No. 93.275; year ended December 31, 2012.

2012-4 Activities Allowed or Unallowed – Residential overnight stay

Condition· Our test of compliance noted five instances where O'Brien House was paid for residential overnight stays that were not supported by a client signature on the required sign in sheet. In addition one client incorrectly coded as attending an alcohol program

Question costs $260 00

Action Taken Management acknowledges the condition and will review and update policies and procedures to insure that documentation substantiating services provided is maintained in accordance with program requirements

If there are any questions regarding this plan, please call me at 225-344-6345.

Respectively submitted,
O'Brien House

Katherine Martin

Katherine Martin
Executive Director

O'BRIEN HOUSE
SCHEDULE OF CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
Year Ended December 31, 2012

2011-1 Client savings, escrow and receivables

Repeated in current year finding as item 2011-1.

2011-2 Bank reconciliations

Bank reconciliations are being prepared monthly for all bank accounts and adjustments made to accounts as needed.

2011-3 Payroll disbursement

Repeated in current year finding as item 2012-2.